State of Montana

2011 ANNUAL ACTION PLAN

Governor Brian Schweitzer

Investing in Montana's Communities

DEPARTMENT OF COMMERCE

Dore Schwinden, Director

Community Development Block Grant Program

Home Investment Partnerships Program

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Anna Whiting-Sorrell, Director

Emergency Shelter Grant Program

For the Plan Year

April 1, 2011

through

March 31, 2012

As submitted to HUD

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Prepared by:

Community Development Division
Montana Department of Commerce
301 S. Park Avenue, P.O. Box 200523
Helena, MT 59620-0523
(406) 841-2770
www.housing.mt.gov

EQUAL HOUSING OPPORTUNITY

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Phone: (406) 841-2770

Fax: (406) 841-2771

TDD: (406) 841-2702

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2011 ANNUAL ACTION PLAN

I. INTRODUCTION

The Montana Department of Commerce (MDOC) is the lead agency overseeing the development of the Consolidated Plan. This Annual Action Plan is for the 12 months beginning April 1, 2011 and ending March 31, 2012 (federal fiscal year 2011). The annual plan is designed to meet the requirements set forth by the U.S. Department of Housing and Urban Development (HUD) for three formula grant programs: the Community Development Block Grant (CDBG) Program; the Home Investment Partnerships (HOME) Program; and the Emergency Shelter Grant (ESG) Program.

CONSULTATION AND COORDINATION

As described in section I.B. of the state's Five-Year Consolidated Plan for April 1, 2010 through March 31, 2015, the state is committed to improving coordination between not only public and private housing entities and social service agencies serving low- and very low-income households, but also between entities addressing non-housing community development needs.

Throughout the year, MDOC interacts with other agencies and organizations with a commitment to better develop housing and community development strategies. MDOC maintains its commitment to inform others of their responsibility to participate in the consolidated planning process and to promote affordable housing, adequate infrastructure, and economic development in local communities. MDOC supports a broad-based approach to address affordable housing and community development issues through the Consolidated Plan Steering Committee, Housing Coordinating Team (HCT), the Water, Wastewater and Solid Waste Action Coordinating Team (W_2ASACT), and the Montana Economic Developers Association (MEDA). These committees and groups provide direction and input to the Consolidated Plan and the state routinely consults with these groups.

Members of the **Consolidated Plan Steering Committee**, with representatives from the HOME, MBOH and CDBG programs, and other Housing Division programs, meet during the plan development process to review the status of the annual Action Plan and Five-Year Plan. In addition, other agencies, such as the Montana Department of Environmental Quality (MDEQ), the Montana Department of Natural Resources and Conservation (MDNRC), Montana Department of Public Health and Human Services (MDPHHS), Montana Department of Labor and Industry (MDOLI), and other interested parties, including the Montana Continuum of Care for the Homeless Coalition, are solicited as needed for input on specific topics contained in the Action Plan and supporting studies.

The **Housing Coordinating Team**, also chartered by MDOC, facilitates statewide coordination in the delivery of housing services to individual housing providers and local organizations. In the past, areas of cooperation included evaluating the coordinating monitoring requirements within MDOC programs, and making minor adjustments to the common application for housing projects. Participating organizations include MDOC and MDPHHS, local HUD field office, USDA-RD, nonprofit housing providers, local housing authorities, Tribal housing authorities, and other nonprofit organizations. For more information on the HCT and its activities, go to http://housing.mt.gov/About/HCT/default.mcpx.

Formed in 1982 to address infrastructure issues, the **Water, Wastewater and Solid Waste Action Coordinating Team** is a group of professionals from state and federal governments and nonprofit organizations that finance, regulate, and/or provide technical assistance for infrastructure, principally drinking water and wastewater systems. Meeting bimonthly, W_2ASACT explores and coordinates a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W_2ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, local government representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects. W_2ASACT subcommittees address issues of community planning and environment regulation in order to streamline the application and project implementation process for small rural communities. More information on W_2ASACT and its activities can be found at **http://dnrc.mt.gov/cardd/ResDevBureau/wasact/**. Participating organizations include MDOC, local HUD field office, USDA-RD, US EPA, MDEQ State Revolving Fund, MDNRC State Revolving Fund Loan, MDNRC Renewable Resource Grant & Loan, local government representatives, water & sewer district representatives, engineering consultants, grant administrators, Certified Regional Development Corporations (CRDC), technical assistance providers such as Midwest Assistance Program and Montana Rural Water Systems, and other state regulatory agencies.

MDOC works closely with the **Montana Economic Developers Association** to further economic development efforts by local governments, local development groups, and public and private development partners. MEDA is a coordinator for statewide economic development workshops that provides training to economic developers. MEDA provides the platform for the network and communication system to disseminate information and interchange of ideas for state, regional, national, and international economic development organizations and agencies. Go to **http://www.medamembers.org/**.

In addition, staff from MDOC regularly attend and participate in meetings held by a number of organizations around the state. Organizations include, but are not limited to, the following:

The **Montana Continuum of Care** (MT CoC) for the Homeless Coalition, is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state governments. The coalition was formed to address homelessness with very few resources to cover Montana's vast geographical area. For more information on Montana's CoC, go to **http://sites.google.com/site/montanacoc/**.

The Montana **Home Choice Coalition** is a coalition of Montana citizens working together to create better housing opportunities for Montana citizens with disabilities.

A.W.A.R.E., Inc. coordinates the Coalition, which develops new housing and resources directly and in partnership with other entities, provides education, advocacy and housing counseling, and collects data to support its goal of creating better housing choices for Montanans with disabilities. More information on the **Home Choice Coalition** can be found at **http://www3.aware-inc.org/awareinc/montanahomechoice/main.asp**.

NeighborWorks Montana (NWMT) is a collaborative partnership of housing organizations. Service delivery partners provide homebuyer education and homeownership planning throughout the state. Participating partners provide financial support, loan capital, and volunteers for the NWMT board of directors. Homebuyer education, foreclosure prevention, housing counseling, and homeownership planning is funded by MBOH. NWMT also provides down payment assistance for low- and moderate-income first time homebuyers on a statewide basis, supports the development of new housing opportunities through project predevelopment loans, and provides technical assistance for the purchase of resident-owned cooperatives (ROCs) and for the formation and operation of community land trusts. Go to **http://www.nwmt.org/index.html** for more information.

MDOC supports the **Montana Financial Education Coalition** (MFEC) by sitting on its board of directors and providing assistance to its activities. MFEC strives to improve the personal financial knowledge and decision making ability of Montana citizens by promoting public awareness of the need for personal financial education, and by uniting and building capacity of financial education programs. MFEC is a collection of financial institutions, government and non-profit organizations, businesses, and interested individuals who believe that financial literacy is essential to economic advancement. MFEC is an affiliate of the National Jump$tart Coalition but is not limited to only assisting youth. MFEC's efforts reach out to Montanans of all age groups and financial situations.

MBOH is also a member of the **Montana American Indian Housing Task Force**, made up of representatives from Montana Indian Housing Authorities, state and federal agencies, and private sector lenders. The Task Force serves to communicate important news and ideas about how to better meet the housing needs of Montana's Native Americans, including helping to design and schedule training sessions at state housing conferences, and work with federal agencies in planning workshops and conferences targeted to providing housing in Indian country. The task force was also instrumental in getting most of Montana's reservations qualified for the HUD 184 Indian Housing Loan Guarantee Program.

The **Tri-State Housing Environments for Living Positively** (Tri-State HELP) Program and the **Tri-State Housing Environments for Living Positively Plus** (Tri-State HELP Plus) program are housing assistance programs for people living with HIV/AIDS in the states of Montana, North Dakota, and South Dakota. Tri-State HELP and Tri-State HELP Plus are funded through a competitive Housing Opportunities for Persons with AIDS (HOPWA) grant from HUD.

The 1999 Montana Legislature created the **Mental Health Oversight Advisory Council** (MHOAC) to provide guidance and oversight to the MDPHHS in the development and management of an effective public health system. MHOAC membership includes consumers of mental health services including those who currently receive or formerly received public mental health services, immediate family members of recipients of mental health services, advocates for consumers or family members of consumers, the public at large, mental health service providers, legislators, and department representatives. Additional information on MHOAC is available online at **http://www.dphhs.mt.gov/boardscouncils/mentalhealth.shtml**.

In response to the growing problem of homelessness in Montana, the **Montana Council on Homelessness** (MTCoH) was originally convened by Executive Order in June 2004. Governor Brian Schweitzer renewed Montana's commitment to ending homelessness through Executive Order 40-2006, signed in December 2006, which restructured the MTCoH and extended it until December 2008. The Executive Order 40-2006 also directed the Montana Council on Homelessness to work with an Intergovernmental Team on Homelessness (ITH). As requested by the MTCoH, all state agencies providing services to homeless individuals participated on the ITH. Additionally, the MTCoH invited representatives of federal, tribal, and local agencies who provide services to the homeless to participate on the Intergovernmental Team on Homelessness. The ITH assisted the MTCoH to prepare and implement a 10-year plan to end homelessness.

Due in part to budget constraints, the MTCoH has not been reauthorized by the Governor. However, components of the 10-year plan to end homelessness are expected to be carried out by other organizations. (See page 63.)

Subsequent to the Montana Council on Homelessness, the Montana Coalition for the Homeless has come into being. Though at an early stage in its development, the Coalition's plans are ambitious. Its stated purpose is "to prevent and end homelessness in Montana". It will leverage work completed by the Governor's Council as the jumping off point for continued direct planning and effort. It will utilize resources from the private and public sectors while partnering with State and Federal agencies. In addition, a concerted effort will be made to ensure individuals with direct experience of being homeless have a voice in the process.

Finally, other state agencies, such as the Montana Departments of Environmental Quality, Natural Resources and Conservation, Revenue, Labor and Industry, and Public Health and Human Services, are solicited as needed for input on specific topics contained in the action plan and supporting studies.

CITIZEN PARTICIPATION

MDOC began gathering information for the 2011 Annual Action Plan in June 2010. The meetings were noticed with general announcements sent to the Consolidated Plan mailing list and general newspaper ads in seven major newspapers (Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, and Missoula). Flyers were also sent to the Consolidated Plan mailing list, and meeting notices were posted on the *Discovering Montana* E-Calendar and the Consolidated Plan web page.

Public Input Meetings				
Location		**Date**	**Time**	**# Attendees**
Helena	Great Northern Hotel	6/16/2010	3:15 – 4:45 pm	60 + 12 staff
Webinar	Helena-based	06/29/2010	1:30 – 3:30 pm	11 + 10 staff

The draft 2011 Annual Action Plan was released for public review and comment on November 15, 2010. The public comment period was open through December 30, 2010, and two public review meetings were held. The comment period was advertised in the state's seven major newspapers. Flyers were sent to the Consolidated Plan mailing list, and meeting notices were posted on the *Discovering Montana* E-Calendar and the Consolidated Plan web page.

Public Review Meetings				
Location		**Date**	**Time**	**# Attendees**
Webinar	Helena-based	11/30/2010	10:00 am	4 + 4 staff
Webinar	Helena based	12/16/2010	1:30 pm	4 + 11 staff

In addition, as part of the plan update, numerous outside agencies and individuals were contacted. These organizations and individuals were encouraged to provide statistics, data, and other information to aid in preparing the Action Plan and related studies. The public participation plan is included in **Appendix B**.

II. SOURCES OF FUNDS

With MDOC as the lead agency overseeing development, numerous state and federal programs support the implementation of the state's Consolidated Plan. Interagency cooperation and coordination of state, federal, and local agencies and organizations is critical to the success of many projects. The following summaries describe programs supporting the overall implementation of Montana's Consolidated Plan with respect to affordable housing, public facilities, economic development, and homelessness.

FEDERAL RESOURCES

HUD Formula Grants

The state of Montana receives annual funding from three HUD formula grant programs:

- CDBG Program, administered by the Community Development and Business Resources Divisions of the MDOC;
- HOME Program, administered by the Housing Division of the MDOC; and
- ESG Program, administered by the Human and Community Services Division of the MDPHHS

Community Development Block Grant (CDBG) Program

The Community Development and Business Resources Divisions of the MDOC administer the CDBG Program. For the plan year beginning April 1, 2011, the state estimates it will receive $7,466,019[1] in federal CDBG funds. Of these dollars, a minimum of 30%, but not to exceed 40%, will be allocated for economic development projects, administered by the Business Resources Division (BRD). A minimum of 60%, but not to exceed 70%, will be allocated to the Community Development Division for public facility and housing and neighborhood renewal projects and planning grants.

CDBG

Total ESTIMATED FFY 2011 Allocation	**$7,466,019**
Less CDBG Funds For State Program Administration	$ 323,980
Amount Available For Award to Local Governments	$7,142,039
60% (up to 70%) Allocation for Housing and Public Facilities Projects	$4,285,223
40% (no less than 30%) Allocation for Economic Development Projects	$2,856,816

The CDBG Program also anticipates that an undeterminable amount of program income will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG Program income are requested to file a report showing the status of program revenues and expenditures.

HOME Investment Partnerships (HOME) Program

The HOME Program, administered within the Housing Assistance Bureau of the MDOC Housing Division, estimates that it will receive $4,726,656[2] in HUD funds for the plan year beginning April 1, 2011. Funds will be used to develop affordable housing for low- and very low-income persons.

HOME

Total ESTIMATED FFY 2011 Allocation	**$ 4,726,656.00**
Competitive	$ 2,572,326.40
Formula	
Retained for State Project	
Non-Competitive	$ 1,681,664.00
State Admin of Program	$ 472,665.60

Additionally, the MDOC HOME Program expects that an undetermined amount of program income and/or recaptured funds will be generated from previously awarded grants. Under certain circumstances HOME grantees may be allowed to retain any

1 Estimate based on FFY 2010 HUD allocation; FFY 2011 allocation unknown at time of Plan submission
2 Estimate based on FFY 2010 HUD allocation; FFY 2011 allocation unknown at time of Plan submission

program income and/or recaptured funds generated and use the funds for HOME-eligible activities.

Grantees with open grants must use any program income and/or recaptured funds for the open grant before requesting additional funds from the HOME Program.

Previous HOME Grantees that do not have an open grant can either choose to return the program income and/or recaptured funds to the MDOC or to become qualified under the Single Family Noncompetitive Program.

a) The Grantee can return accumulated and future program income and/or recaptured funds to MDOC. MDOC will use the funds returned from homeowner and homebuyer activities for further homeowner and homebuyer activities throughout the state through the Single Family Noncompetitive Program; funds generated from competitive activities will be reallocated through the competitive pool of funds.
b) The Grantee must be or must become a qualified entity for the Single Family Noncompetitive Program to use accumulated and future program income and/or recaptured funds for homeowner or homebuyer activities. If the Grantee is not currently a Qualified Entity and it has not communicated its intent to become a Qualified Entity, it must communicate that intent to MDOC and begin the qualification process.
c) In certain limited circumstances, some Grantees may request this one time only to use its program income and/or recaptured funds on a specific HOME-eligible activity it has identified. The Grantee must demonstrate that the pot of funds it has on hand, plus other committed funds, is sufficient to complete the project. The Grantee must submit an application package, which meets the requirements found in the 2010 HOME Application Guidelines, to the HOME Program for evaluation and approval. If the HOME Program approves the package, the Grantee will have 24 months from the date of approval to complete the proposed activity.

Emergency Shelter Grant (ESG) Program

The Intergovernmental Human Services Bureau (IHSB) of the MDPHHS estimates it will receive $401,022[3] for the ESG Program.

ESG

ESTIMATED FFY 2011 Allocation

	Minimum Amount	Maximum Amount
Competitive		
Formula		$ 380,971
Retained for State Project		
Non-Competitive		
State Admin of Program		$ 20,051

3 Estimate based on FFY 2010 HUD allocation; FFY 2011 allocation unknown at time of Plan submission

HUD Competitive Grants

Competitive grant programs allow eligible applicants to request funding directly from HUD by submitting an application. Each year, HUD's SuperNOFA (Super Notice of Funding Availability) process makes competitive funds available for the selection of proposals submitted by government agencies and nonprofits. These proposals address special projects of national significance and long-term projects in areas that are not eligible for formula allocations.

Continuum of Care (CoC)

Continuum of Care competitive grants provide permanent and transitional housing and limited supportive services to homeless persons. For FFY 2010, Montana's Continuum of Care received $2,436,813 for 21 projects across the state.

MONTANA'S STATEWIDE CONTINUUM OF CARE HOMELESS ASSISTANCE GRANTS FEDERAL FISCAL YEAR 2010			
Applicant / Project Sponsor	**Project Name**	**Requested**	**Received**
District 7 HRDC	Harmony House-SHP	$63,868	$63,868
Florence Crittenton Home & Services	Pathways to Success-SHP	$124,546	$124,545
God's Love, Inc.	God's Love FTC-SHP	$143,305	$143,305
Helena Housing Authority	Shelter Plus Care-SPC	$160,994	$171,024
Housing Authority of Billings	HAB Shelter + Care Renewal-SPCR	$80,460	$89,820
HRC District XII	Homeward Bound-SHP	$90,958	$90,958
Missoula County	Ada's Place Transitional Housing-SHP	$102,371	$102,371
Missoula County	Gateway Assessment Center-SHP	$61,579	$61,579
Missoula County	SHARE House-SHP	$147,499	$147,498
Missoula Housing Authority	MHA 32 Unit Shelter Plus Care Renewal 2009-SPCR	$169,488	$263,400
Missoula Housing Authority	MHA 70 Shelter Plus Care Renewal 2009-SPCR	$445,320	$497,640
Mountain Home Montana, Inc.	B. Hamilton Project-SHP	$76,798	$76,798
Northwest Montana Human Resources, Inc.	Courtyard Apartments-SHP	$35,769	$35,769
Poverello Center Inc.	The Joseph Residence at Maclay Commons- SHP	$37,467	$37,467
Poverello Center Inc.	The Joseph Residence II - Supportive Programming-SHP	$36,000	$32,000
Public Housing Authority of Butte	Public Housing Authority of Butte S+C-SPC	$72,696	$82,896
Samaritan House, Inc.	Samaritan House, Inc.-SHP	$63,000	$63,000
State of Montana	MT HMIS Project 2010 Funding-SHP	$66,980	$66,980
Supporters of Abuse Free Environments (SAFE), Inc.	SAFE Transitional Housing-SHP	$34,000	$34,000
State of Montana	MT Dept of Commerce, SPC	$174,305	$174,000
The YWCA of Helena	YWCA of Helena Transitional Housing	$77,895	$77,895
	Subtotal	**$2,265,298**	**$2,436,813**

Housing Opportunities for Persons With AIDS (HOPWA)

In August 2008, the MDPHHS was awarded a HOPWA three year renewal grant of $1,400,000 to continue operating the Tri-State Housing Environments for Living Positively Program (TS HELP). Serving three states that do not qualify for direct HOPWA formula grant funding, this program is a continuum of housing and related supportive service opportunities for people living with HIV/AIDS and their families. TS HELP is a unique collaboration with organizations in the states of North Dakota and South Dakota. The program involves a collaborative partnership with the Missoula AIDS Council, Yellowstone AIDS Project, Sioux Falls Housing and Redevelopment Commission and Community Action Program Region VII.

In July 2009, the MDPHHS was awarded a three-year HOPWA permanent supportive housing renewal grant of $1,429,307 to continue the Tri-State HELP Plus program. The program provides tenant based housing assistance to 56 rural and chronically homeless households living with HIV/AIDS, and short-term mortgage, rent, and utility assistance to 10 households. This effort will sustain a continuum of housing opportunities that coordinates multi-state resource to address the unmet housing needs of predominantly rural households that promotes stable housing and independent living while providing employment opportunities.

Housing Counseling Grant

On November 6, 2009, the Montana Board of Housing (MBOH) received notification that it had been awarded $170,297 in grant funds under the state Housing Finance Agency portion of the HUD Housing Counseling competitive grant program. The funds from this grant are used to pay for direct services to clients for homebuyer education and counseling. These services are provided statewide through the NeighborWorks Montana partnership which consists of 25 local non-profit organizations that house staff members who are certified Homebuyer Education teachers and HUD housing counselors. Homebuyer education classes provided under the grant meet the national standards for homebuyer education. These services, provided at a nominal fee to cover course materials, are directed primarily to first-time homebuyers.

Other HUD Resources

Project Based and Tenant Based Section 8

In addition to administering the HOME Program, the Housing Assistance Bureau contracts with HUD as the statewide Public Housing Agency (PHA) using an annual contributions contract to provide program administration and services on Section 8 low-income housing programs on a statewide basis.

The Montana Project Based Section 8 (PBS8) program performs as a HUD contractor providing management and oversight activities for 96 contracts involving 4,248 affordable rental units, effective October 2010. PBS8 conducts on-site management reviews annually for the entire contract portfolio. In addition, PBS8 approves and processes payment vouchers to property owners and agents.

HUD is requiring all PBS8 contract administrators to respond to a Request for Proposal (RFP) for PBS8 management and oversight services. It is expected that HUD will publish the RFP in February 2011. MDOC will submit a proposal to continue to provide administration and oversight activities for Montana projects.

Financed by HUD and administered by the MDOC Housing Division, Tenant Based Section 8 Housing (TBS8) Assistance programs allow very low-income families to pay a set amount for rent and utilities, based on their gross adjusted income (currently 30%). Very low-income families have incomes of 50% or less of the HUD median family income for the county in which the family resides. HUD establishes income limits annually. The programs provide subsidy payments to property owners on behalf of program participants.

The TBS8 program, using 37 local field agents in 11 locations throughout the state, provides field services: issuing assistance documents, performing inspections, and examining annual income. The wait list to obtain a voucher is roughly 36 months with approximately 5,500 applicants, down from over 10,000 after a statewide review of the waiting list. The Housing Choice Vouchers is the main program in TBS8, with a HUD baseline of 3,761 units and an annual budget of approximately $15 million.

The Moderate Rehabilitation (Mod Rehab) program is a project-based program containing 359 rental units. TBS8 subsidizes the rental units, provides a list of prospective tenants to owners, and inspects the rental units annually to ensure continued compliance with HQS. Initially, owners of substandard property in Montana rehabilitated the property to meet HUD housing quality standards (HQS) and received subsidized rent for 15 years at a rate high enough to cover the debt service on rehabilitation loans. All Mod Rehab properties are past the 15-year period and have moved to annual contracts. The HUD approved and funded amount for FFY 2010 is $1.7 million.[4]

Go to **http://housing.mt.gov/About/section8/default.mcpx** for more information on the statewide Section 8 Programs.

HUD-Veterans Affairs Supportive Housing (VASH) Voucher Program

The 2008 Consolidated Appropriations Act (Public Law 110-161) enacted December 26, 2007, provided $75 million dollars of funding for the HUD-VASH voucher program as authorized under section 8(o)(19) of the United Stated Housing Act of 1937. The HUD–VASH program combines HUD housing choice voucher (HCV) rental assistance for

[4] FFY 2011 allocation unknown at time of Plan submission

homeless veterans with case management and clinical services provided by the Veterans Affairs at its medical centers and in the community.

Montana was provided 35 vouchers to assist homeless veterans and their families. MDOC through partnership with Veterans Affairs, Homeless Veteran Program, located at Fort Harrison, with branch offices in Missoula and Billings. The Billings Housing Authority has an additional 35 vouchers. In 2010, MDOC received an additional 25 vouchers and will be expanding the ability to assist veterans in Western Montana. The ultimate goal is to house homeless veterans statewide.

The VASH program helps support the federal goal in the HEARTH Act to ensure that individuals and families who become homeless return to permanent housing within 30 days.

Neighborhood Stabilization Program (NSP)

Title III of the Housing and Economic Recovery Act of 2008 (HERA) [HR 3221] created the Neighborhood Stabilization Program (NSP1). Section 2301 of Title III provided $4 billion for assistance to states and targeted cities for assisting in the redevelopment, revitalization and stabilization of foreclosed and abandoned homes. Montana received the minimum allocation of approximately $19.6 million. MDOC administers the NSP funds through the Community Development Division.

NSP1 grantees successfully obligated all program funds within the 18 month obligation timeframe, as required by federal statute. Eight NSP1 grantees have used NSP1 funds to successfully secure 250 units of affordable homeownership and/or rental for low, moderate, and middle income households. NSP1 grantees

The Wall Street Reform and Consumer Protection Act of 2010 provided a third allocation of NSP funds to further the purpose of assisting in the redevelopment of abandoned and foreclosed homes. Montana will receive the minimum allocation of 'NSP 3' funds in the amount of $5 million.[5].

As required by the NSP Federal Register Notice, published on October 14, 2010, Montana is required to prepare and submit a substantial amendment to its current approved consolidated plan and 2010 annual action plan. The NSP Action Plan Amendment for HUD's review and approval will include a citizen participation process on the specific use of the funds before NSP funds are awarded. The NSP Action Plan Amendment will provide a comprehensive plan for the use of NSP3 funds which will be submitted to HUD on or before March 1, 2011.

As required by the October 14, 2010, NSP3 Federal Register Notice, the Areas of Greatest Need are based on HUD foreclosure risk data. The eligible NSP3 grantees will be limited to those areas that have the most need scores at the Census Tract level. This data is available at www.hud.gov/nsp. Additionally, Federal regulations specify that the

[5] The American Recovery and Reinvestment Act of 2009 provided a second round of NSP2 funds; however, Montana did not receive any allocation in that round of funding.

funds must be used to assist low, moderate, and middle income persons (LMMI). NSP 3 funds must be expended in three years with 50% expended in two years.

Due to the recent release of the federal regulations for the NPS3 program and the pending NSP3 application instructions currently undergoing public review and comment, the program has not yet established the final details for the NSP3 program. Once the NSP Action Plan Amendment for NSP 3 funds is finalized the program will publish all application materials to begin the application and award process of NSP 3.

As set forth in the NSP federal regulations NSP funds can be used to:

- A: Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low and moderate income homebuyers;
- B: Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties;
- C: Establish land banks for homes that have been foreclosed upon;
- D: Demolish blighted structures; and
- E: Redevelop demolished or vacant properties.

Additional information on the Neighborhood Stabilization Program can be found at **http://comdev.mt.gov/NSP/default.mcpx**.

CDBG Recovery (CDBG-R)

In May 2009, HUD allocated $1 billion in funding to states and local governments through the American Recovery and Reinvestment Act of 2009 (ARRA). The purposes of the funding are to stimulate the economy through measures that modernize the nation's infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. HUD urged grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings. While the full range of CDBG activities is available to grantees, HUD strongly suggested that grantees incorporate consideration of the public perception of the intent of the Recovery Act in identifying and selecting projects for CDBG-R funding.

On July 27, 2009, HUD approved the State of Montana's Substantial Amendment to the Consolidated Plan 2008 Action Plan for CDBG Recovery. The state was awarded $1.8 million, of which $1.5 million was allocated to the Montana Distressed Wood Products Industry Recovery and Stabilization (WPIRS) Program, administered by the MDOC Business Resources Division. Through eligible local governments, assistance was provided to five businesses in the wood products industry. Those assisted businesses project that the funds will create 41 new FTEs and retain 42 FTEs with at least 51% of the FTEs being made available to low to moderate income persons.

Utilizing all of the $1.5 million in CDBG-R funding for economic development, the CDBG WPIRS program provided five (5) loans to timber related businesses for working capital needs. Loan payments from the initial round of lending are being deposited into a revolving loan fund for other economic development projects.

Funds in the amount of $304,014.73 were allocated to the Community Development Division, which made the funds available to Judith Basin County to construct an essential services facility within the unincorporated community of Geyser, to be used by the Judith Basin County Fire Department. The facility is estimated to be 40' by 110' with five bays, consisting of a heated, pre-engineered metal facility with one bathroom, located on four lots owned by Judith Basin County. The facility will be connected to sewer and water provided by the Geyser Sewer and Water District. The facility will house three fire trucks, one ambulance, an extrication vehicle, and essential services equipment owned by Judith Basin County.

Additional CDBG-R funding is not expected to be available during the 2011 plan year.

Homeless Prevention Rapid Re-Housing Program (HPRP)

MDPHHS HPRP was designed to provide financial assistance and services to prevent individuals and families from becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized. The funds are intended to target individuals and families who would be homeless but for this assistance. The funds can be used for a variety of assistance, including short-term or medium-term rental assistance and housing relocation and stabilization services, including such activities as mediation, credit counseling, security or utility deposits, utility payments, moving cost assistance, and case management.

Other Federal Resources

Low Income Housing Tax Credits (LIHTC)

The Low Income Housing Tax Credit Program, established by Congress in the Tax Reform Act of 1986, provides for retaining, rehabilitating, and constructing low-income rental housing. MBOH administers the LIHTC Program in Montana. MBOH receives authority to allocate the tax credit through the Internal Revenue Code (IRC). Annual authority is estimated at $2,500,000. Through the tax credit benefit, developers and owners of qualified housing receive an annual federal tax credit for 10 years, based on the eligible basis costs of the rental units provided to low-income individuals and families. Go to **http://housing.mt.gov/About/MF/lihtc.mcpx** for more information.

U.S. Department of Agriculture Rural Development (USDA RD)

The U.S. Department of Agriculture Rural Development Program regularly funds several different housing programs for very-low-, low-, and moderate-income borrowers. These programs are the Single Family Housing Direct Loans (502), Repair and Rehab Loans and Grants (504), and Guaranteed Rural Housing Loans. Additionally, RD funds Multi-Family Housing Direct Loans and Guarantees, Rural Rental Assistance**,** Mutual Self-Help Grants, and Housing Preservation Grants. More information on Rural Development's housing and community facilities programs in Montana can be found at **http://www.rurdev.usda.gov/MT/RHS/rhshome.htm**.

U.S. Department of Energy (DOE)

The U.S. Department of Energy funds are primarily for weatherization assistance in the state. These funds leverage additional funds from the U.S. Department of Health and Human Services, NorthWestern Energy, Bonneville Power Administration, and USB/MDU (Universal System Benefits/Montana Dakota Utilities) funds for the weatherization program as well as LIEAP (Low Income Energy Assistance Program). The weatherization program provides cost effective energy conservation measures for low-income households, and typically include heating system tune-ups, air infiltration reduction, and attic, wall and floor insulation. The MDPHHS Intergovernmental Human Services Bureau administers the program.

U.S. Department of Commerce Economic Development Administration (EDA)

The CDBG Economic Development Program applied to the U.S. Department of Commerce Economic Development Administration in 1991 for economic development funding, matched with CDBG funds, to develop a state revolving loan fund. Revolving loan fund dollars are used independently, or in combination with CDBG funding, for economic development loans. Loan payments are deposited back into the EDA/CDBG revolving loan fund for future projects.

NeighborWorks America National Foreclosure Mitigation Counseling Program

NeighborWorks America is a network of housing and neighborhood revitalization chapters across the country that receives direct funding from the federal budget. As part of the efforts to combat escalating foreclosure rates across the country, the Congress approved direct funding to NeighborWorks America to administer a competitive grant program for foreclosure counseling. MBOH applied for and received funds through this program, including an award of $133,160 as part of Round 3 in October of 2009 and $112,395 as part of Round 4 in April of 2010. MBOH contracts with NeighborWorks Montana to provide HUD-certified foreclosure counselors across the state. The funds from this grant are used to support direct foreclosure counseling services to clients across the state.

STATE RESOURCES

Resources provided by the state also play a critical role in meeting community development needs around Montana.

Montana Board of Housing (MBOH)

Administratively attached to MDOC, the Montana Board of Housing was created by the Housing Act of 1975 in order to alleviate the high cost of housing for low-income persons and families. Funds are generated through the sale of tax-exempt bonds, loans, and administrative fees. MBOH programs fall into three categories: homeownership, multi-family projects, and assistance to the senior population. MBOH programs are often used in combination with HOME and CDBG funds, where MBOH provides the permanent financing or equity financing. For more information, visit MBOH's website at **http://housing.mt.gov/About/MBOH/default.mcpx**.

Homeownership Programs

Homeownership programs include: the Bond Program, which generally provides below market, low or no down payment, fixed rate mortgages to qualified first-time homebuyers; Mortgage Credit Certificate Program, which helps qualified first-time homebuyers reduce their federal income taxes; many Set-aside Programs, which help Montana families who cannot qualify for loans through the Bond Program; and the Montana House™. More information on MBOH homeownership programs is available on the website at **http://housing.mt.gov/About/homeownership/default.mcpx.**

Homeownership will be facing two challenges in the coming year. While Montana's level of foreclosures from subprime lending is relatively low, the economic downturn in the state's economy is increasing the frequency of foreclosures, especially in Flathead, Gallatin and Ravalli Counties, on many of the Tribal Reservations, and in the three MSAs (Metropolitan Statistical Areas), Missoula, Great Falls, and Billings. MBOH supports a network of foreclosure counselors through its own funds, HUD Homeownership Counseling and National Foreclosure Mitigation Counseling program grant funds. These counselors are available at no charge to assist any homebuyer who is facing foreclosure or anticipating difficulty in making their mortgage payments.

The second challenge is the tightening of credit and credit standards to support first-time homebuyers. MBOH supports a network of certified homebuyer education and counseling providers across the state to assist first-time homebuyers with information and counseling about what is needed to qualify for a home loan, and what is involved in locating and financing a home. Home purchase costs have stabilized and even declined slightly in a few areas of the state. While lower mortgage interest rates and lower house prices make this a good time to purchase a home, these lower rates are not sufficient to fill the affordability gap in many areas of the state. With tighter credit and down payment requirements, it is likely that fewer households will be purchasing homes than in the past. Additionally, ongoing affordability gaps and higher down payment requirements will likely increase the amount of assistance needed by each household, thereby lowering the total number of homebuyers receiving down payment assistance and buying homes.

Homeownership Mortgage Revenue Bond (MRB) Program: Begun in 1977, the purpose of the Homeownership Mortgage Revenue Bond Program (formerly known as the Single Family Bond Program) is to assist low- and moderate-income Montanans to purchase homes in the state. MBOH issues tax-exempt mortgage revenue bonds to provide below market rate funds either to purchase existing housing or to construct new housing. Primarily, this program is intended to be utilized by first-time homebuyers; however, in certain "targeted" areas, the borrowers do not need to be first-time buyers. Certain income requirements and house price restrictions must be met. Loan fund availability and mortgage rates vary with each new bond issue.

Mortgage Credit Certificate (MCC) Program: The MCC Program, which began operation in April 2003, allows a qualified homebuyer to claim up to 20% of annual mortgage interest paid as a federal income tax credit. The remaining mortgage interest (80%) continues to qualify as an itemized deduction. The MCC may be used in conjunction with any conventional fixed or adjustable rate loan, FHA, VA or RD loans, or privately insured mortgage loans statewide including loans made in Tribal Reservations, except for loans made through MBOH bond or set-aside programs.

Set-aside Homeownership Mortgage Program: MBOH makes mortgage funds available through the recycling of mortgage prepayments and other funds held under prior bond issues of the Homeownership MRB Program. MBOH works in partnership with local nonprofit housing providers and local governments to develop programs to target specific housing needs within the local community. MBOH provides the permanent, fixed-rate rate, 30-year mortgage financing. This is often coupled with federal grants or local funds to assist in making homeownership more affordable for lower income individuals and families. Applications are submitted through the MBOH's "Request for Proposal" process on a monthly basis.

Disabled Accessible Affordable Homeownership Program: MBOH initiated this program in 1993 to assist persons with disabilities to acquire affordable, architecturally accessible homes. To qualify for the program, an eligible homebuyer, spouse, child, or parent must have a permanent physical disability with a mobility impairment (access disability), meet income and family asset limits, and be a first-time homebuyer or have a home purchased prior to the disability that is no longer accessible to their needs. Interest rates vary depending on the buyer's annual income.

Montana House™: The Montana House™ program is a collaboration between MBOH and local vocational training programs. MBOH provides the building materials for the homes and students build the homes as part of their vocational training. The homes are available for purchase by individuals or families who meet the Homeownership MRB Program criteria. The following are programs operating currently:

- Blackfeet Housing Authority and Blackfeet Manpower
- Fort Belknap College (in start-up)

The Montana House™ is a three-bedroom, two-bath new home that is available in four different floor plans: 960 sq ft, 1008 sq ft, 1200 sq ft, or 1400 sq ft. Each home features 2x6 exterior walls with R-19 insulation, quality vinyl windows, oak kitchen and bath cabinets and energy efficient gas forced air furnace. The home comes complete except for appliances and flooring, which the homebuyer provides. The homebuyer is also responsible for the lot, foundation, moving from the building site, placement on the foundation and utility hook-ups and fees. NeighborWorks Montana (NWMT) provides technical assistance for these functions.

Multi-Family Programs

MBOH issues tax-exempt bonds to finance the construction of new and rehabilitation of existing low-income, multi-family housing. MBOH issues the bonds to finance projects that meet its requirements through the Multi-Family Risk Sharing Program and General Obligation Bond Program. Go to **http://housing.mt.gov/About/MF/default.mcpx** for more information on MBOH multi-family programs.

Risk Share Loan Program: The Risk Sharing program provides FHA mortgage insurance for the permanent financing of multi-family rental property through a partnership between MBOH and HUD. Through this program, MBOH provides mortgage underwriting, loan management, and financing, and the two entities share the risk of loss from default. MBOH received final approval to participate in the Risk Sharing Program with HUD in June 1994.

General Obligation (G.O.) *Program*: The G.O. bond program provides permanent mortgage financing for multi-family rental property. The program requires that the rental property owner agree to restrict the rents to a specific amount and to rent only to tenants below a maximum income level (generally 60% of median income). Currently this program is financing the permanent loans for projects receiving multiple sources of funding where rents on the projects are affordable to very low-income state residents.

Conduit Bond Program: The conduit bond program provides another vehicle for financing acquisition and or rehabilitation of affordable multi-family housing. MBOH makes tax exempt bonds available for purchase by a financial institution, which in turn, makes loans to MBOH for approved projects in Montana. Application parameters are the same as those for Low Income Housing Tax Credits and are eligible for tax credits at approximately 4% or the prevailing monthly federal rate. These tax credits are not subject to a competitive selection process as with those made available through the U.S. Treasury (IRS) but must comply with Section 42 of the IRS codes and state requirements. This program provides resources for retaining or adding additional affordable housing for Montana.

Housing Montana Fund: The Montana Legislature passed the Affordable Housing Revolving Loan Fund into law during the 1999 legislative session; however, funding was not provided at that time. The 2001 Montana Legislature appropriated $500,000 in Section 8 reserves and $700,000 of Temporary Assistance to Needy Families (TANF) funds and allowed direct donations as a source of funding. The Affordable Housing Revolving Loan Fund was renamed the Housing Montana Fund by the 2007 Legislature. MBOH administers the fund, which can be used to provide financial assistance in the form of direct loans for the following purposes:

- Matching funds for public or private money available from other resources for developing low-income and moderate-income housing

- Bridge financing necessary to make a low-income or a moderate-income housing development feasible
- Acquisition of existing housing for the purpose of preserving or converting to low-income or moderate-income housing
- Pre-construction technical assistance to eligible recipients in rural areas and small cities and towns.

Organizations eligible for loans from the revolving loan fund are state and local governments, state agencies or programs, tribal governments, local housing authorities, nonprofit community or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers. All interest and principal on loans, which have a 30-year term, must be repaid to the loan fund.

Senior Assistance

Reverse Annuity Mortgage (RAM) Loan Program: The RAM Program enables senior Montanans to benefit from an additional monthly income source by borrowing against the equity in their home. Eligibility is subject to certain age and income requirements. Currently a participant must be 68 years of age or older (some exceptions may apply). Loans of $15,000 to $150,000 are available at a 5% interest rate, based on 80% of the FHA-determined property value. The loans do not require repayment as long as the homeowner remains in the home. Information on the MBOH RAM Loan Program is available at **http://housing.mt.gov/About/MF/ram.mcpx**.

Montana Department of Commerce

Business Resources Division

The Business Resources Division is comprised of a variety of programs aimed at improving, enhancing, and diversifying Montana's economic and business climate. Visit **http://businessresources.mt.gov/default.mcpx** for more information on BRD.

Indian Country Economic Development (ICED): ICED funds from MDOC were made available to tribal governments beginning October 2005. The 59th Montana Legislature made funds available to support tribal business development projects, workforce training projects, entrepreneurial training, feasibility studies, and other types of economic development projects. The ICED program is currently funded by the legislature.

Primary Sector Workforce Training Grant (WTG): The 59th Montana Legislature transferred the administration of the WTG program, established during the 2003 legislative session, from the Governor's Office of Economic Opportunity to MDOC. For 2010 the State Legislature will make $2.4 million available annually for the WTG program for training of new and existing workers in primary sector businesses paying the lower of the state's average annual wage or the county's average annual wage.

Big Sky Trust Fund (BSTF): The BSTF was created by the 2005 Montana Legislature to aide in the development of good-paying jobs for Montana residents and to promote long-term, stable economic growth in Montana. Interest earnings from the trust fund are available for financial assistance to local governments and economic development organizations through application to MDOC. Seventy-five percent of trust fund earnings are awarded annually to local governments in the form of grants and loans for economic development projects that create new qualifying jobs for Montana residents.

Montana Distressed Wood Products Industry Recovery and Stabilization Program (WPIRS): WPIRS is a federally and state-funded, statewide loan program designed to help businesses in the wood products industry retain or create jobs. The program was established in 2009 to respond to the sudden and severe economic downturn of the national economy, and the lowered demand for wood products. The WPIRS program targets parts of the state where timber jobs are most threatened, particularly in counties with lumber mills and similar facilities.

With approximately $11 million awarded in 2009, the WPIRS program is comprised of three funding sources:

1) Economic Development Administration (EDA), U.S. Department of Commerce
2) CDBG-ED Program, U.S. Department of Housing and Urban Development
3) Montana Department of Commerce General Fund (State WPIRS)

The CDBG WPIRS Program is designed to stimulate economic development activity by providing grant funding to local governments for loan and grant assistance to timber and wood product related businesses impacted by the current recession. It is the goal of the program to create and retain jobs in the Montana wood products Industry. The CDBG WPIRS program made 5 loans to timber related businesses. Loan payments are being deposited into a revolving loan fund for lending activities for economic development projects.

Additional WPIRS funding is not expected to be available during the 2011 plan year.

Community Development Division (CDD)

The original enabling legislation for MDOC was the Planning and Economic Development Act of 1967. Supporting sound community planning and local community and economic development have been parallel missions for MDOC ever since. CDD administers three programs directly:

1) Community Development Block Grant (CDBG) – Housing and Public Facilities
2) Neighborhood Stabilization Program (NSP)
3) Treasure State Endowment Program (TSEP)
4) Community Technical Assistance Program (CTAP)

Two citizen boards, appointed by the Governor, are attached to CDD for administrative purposes: Montana Coal Board and Montana Hard Rock Mining Impact Board.

Overall, the CDD programs seek to assure viable, sustainable communities and the provision of cost-effective and efficient community services and facilities by encouraging well-planned community growth and development. The efforts of CDD are consistent with sustainability, efficiency, and effectiveness. In particular, CDD provides grants to:

- Help ensure safe, clean, and drinkable water is available, wastewater systems do not pollute and degrade state waters, and bridges provide safe transportation
- Help to ensure community-based services are both safe and efficient and, in many cases, more energy efficient
- Help to ensure affordable housing is available for low- and moderate-income families
- Provide well-paying construction jobs through the millions of dollars involved in improving local infrastructure
- Facilitate economic development assuring adequate infrastructure to support community growth.
- Strengthen government-to-government relationships with Montana's tribes by funding and technical assistance

Additional information on the Community Development Division is available at **http://comdev.mt.gov/default.mcpx**

Quality Schools Grant Program: Quality Schools Grant Program is a state-funded grant program created by the 61st legislature that provides competitive planning, emergency, and facility & technology grants to public school districts. Eligible applicants include including K-12, elementary, and high school districts located in the state of Montana. Districts may apply for one planning and project grant per funding cycle. Planning grants require a 1:4 match, and are limited to $25,000 per district, per cycle. Applications are ranked each biennium based on six statutory priorities and five statutory attributes. The Governor reviews MDOC's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards. During the 2011 biennium, $900,000 in planning grants were awarded to forty-six school districts and $10,607,964 in facility and technology grants were awarded to thirty-three school districts. As of October 2010, $53,505 in emergency grants had been awarded to five school districts. For more information on Quality Schools, please visit: http://commerce.mt.gov/qualityschools/default.mcpx

Treasure State Endowment Program (TSEP): TSEP is a state-funded grant program designed to assist local governments to construct and repair drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges in order to solve serious public health and safety problems. Eligible applicants for TSEP include any incorporated city or town, county, consolidated government, tribal government, and county or multi-county water, sewer or solid waste management district. The program provides grants for construction projects, preliminary engineering studies, and emergency situations.

Construction grants typically require a dollar-for-dollar match; however, the match can include other grants. Applicants are limited to requesting a maximum of $750,000 for a construction project. MDOC reviews and ranks the applications each biennium based on seven statutory priorities. Communities recommended for grant funds are required to have user fees that meet or exceed the community's "target rate." Target rates are based on a percentage of a community's median household income, making target rates a unique financial measure for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial need of each applicant. The Governor reviews MDOC's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards.

The 2009 Legislature appropriated funding for 66 construction projects using $17,800,000 in interest earnings from the Treasure State Endowment Fund (TSEF) during the state fiscal years (SFY) 2010 and 2011, $6,500,000 in loan authorization, and $22,839,427 in general fund that was freed up for other uses by Montana's receipt of dollars through the American Recovery and Reinvestment Act of 2009. A loan may be obtained, if needed, to ensure that there is adequate funding for projects 34 through 66 that meet start-up conditions by June 30, 2011. The general fund dollars were used to fund 19 projects authorized by the 2007 Legislature, since the interest earnings on TSEF during SFY 2008 and 2009 were insufficient to fund all of the 56 projects authorized for grants. The general fund dollars were also used to fund 23 projects authorized by the 2009 Legislature that were the first to meet start-up requirements. The remaining 43 projects awarded grants by the 2009 Legislature will be funded with the TSEF interest earnings and the loan, if needed.

The program was appropriated $900,000 for state fiscal years (SFY) 2010 and 2011 for grants for preliminary engineering studies. These grants are noncompetitive and are awarded by MDOC on a first-come first-served basis. All the funds were awarded to finance a total of 63 studies.

The 2009 Legislature also appropriated $100,000 to MDOC for state fiscal years (SFY) 2010 and 2011 to provide grants for emergency projects that cannot wait for legislative approval. No emergency grants were awarded as of the end of September 2010.

Coal Board: The Coal Board was awarded $5.7 million for the 2011 biennium. Forty-three grants in the amount of $5,390,971 have been awarded so far this biennium. Applications in the amount of $342,383 are pending decision by the Coal Board at the March, 2011 meeting. Administratively attached to the MDOC, the Coal Board was created in 1975 with the adoption of the Coal Severance Tax for the purpose of aiding local governmental units, which have been required to expand the provision of adequate public services and facilities as a result of large-scale development of coal mines or coal using energy complexes and with the costs associated with the decline or closure of large-scale developments and coal using energy complexes. Go to **http://comdev.mt.gov/COAL/default.mcpx** for additional information.

Hard Rock Mining Impact (HRMI) Board: The HRMI Board, a five-member, quasi-judicial board appointed by the Governor, is attached to MDOC for administrative purposes. The HRMI Board administers the Hard-Rock Mining Impact Act and the companion Property Tax Base Sharing Act (PTBS), provides technical assistance with metal mines license tax distributions, and adjudicates disputes between affected entities. The purpose of HRMI and PTBS Acts is to mitigate the local government service, facility and fiscal impacts from new large-scale hard-rock mineral developments in the state. Mineral developers and affected local governments prepare and implement impact plans intended to ensure that local government services and facilities are available when and where they are needed as a result of new mineral developments, without imposing additional costs on the existing local taxpayer. The developer pays new capital and net operating costs through prepaid property taxes with a subsequent tax credit, grants, or facility impact bonds. Under specified circumstances, affected entities may petition the HRMI Board to amend approved impact plans. For more information visit **http://comdev.mt.gov/HRM/default.mcpx**.

Community Technical Assistance Program (CTAP): CTAP is available to help local communities address land use planning issues by providing problem-solving ideas, publications/research, and workshop training. Assistance is provided in four ways:

1) Direct Assistance. CTAP staff works one-on-one with local government staff and private individuals by:
   - helping to solve development needs or problems
   - providing legal and administrative advice and ideas on planning issues such as subdivision regulations, zoning, and annexations
   - distributing a monthly legal update summarizing court decisions impacting land use in Montana; assisting developers, surveyors, engineers, and planners understand statutes and case law governing land use planning in Montana
   - reviewing plans and regulations to ensure compliance with statute and professional standards
   - conducting research to help resolve particular local or statewide land use planning issues or questions.

2) Publications. CTAP publishes and distributes publications for use by local governments engaged in land use planning, including the Model Subdivision Regulations, Growth Policy Handbook, and Planning Board Member's Handbook.

3) GIS Mapping. CTAP provides electronic and printed maps to initiate or implement planning processes, such as the development of a growth policy or zoning regulations.

4) Local Government Training Workshops. CTAP sponsors training workshops on various planning topics, such as planning board procedure, drafting or updating a growth policy, or administering subdivision regulations, where participants can learn and exchange ideas and experiences.

House Bill 645 Historic Preservation Competitive Grant Program: HB 645 provided $4 million for Historic Preservation Competitive Grants "for the awarding of grants to public or private entities for the preservation of historic sites within the State of Montana."

From the $4 million allocated by the Legislature, HB 645 set aside $270,000 in funding for three specific historic preservation projects: Marcus Daly Mansion at Hamilton - $50,000, St. Mary's Mission at Stevensville - $40,000, and Traveler's Rest Historic Site at Lolo - $180,000. In addition, the Legislature provided that $105,540 may be used by the MDOC for administration of the Historic Preservation Grant Program. This resulted in $3,624,460 available for new historic preservation grants. The MDOC received 135 applications requesting over $20.1 million in funding. In April 2010, the MDOC announced the awarding of 56 grants to entities in 24 counties with awards ranging from $13,509 to $161,174. Thus far, the MDOC has released $1.69 million, with 15 projects already complete. Grantees have until June 30, 2011, to expend all funds. For more information, go to **http://recovery.mt.gov/commerce/hpg/default.mcpx**.

House Bill 645 Local Government Infrastructure Grant Program: HB 645 also provided $20 million in infrastructure grants to Montana local governments. From the$20 million allocated by the Legislature, counties were to receive $10 million and cities and towns were to receive $10 million. The Legislature did, also provide 1.13% of the grants to MDOC for administration of the Local Government Infrastructure Grant Program. To date, all 185 local governments have completed their projects and MDOC has released $19.62 million to pay for local infrastructure projects. The final $156,561.21 is ready for release following the submission of final paperwork from five local governments. For more information go to the website at:
http://recovery.mt.gov/commerce/localgrant/default.mcpx

Montana Board of Investments (MBOI)

INTERCAP Revolving Loan Program: The INTERCAP Revolving Loan program provides loans to Montana local governments and state agencies, including the university system, for a wide variety of purposes. Eligible borrowers, authorized by Montana law, may borrow to finance projects including but not limited to: energy retrofit projects, real property purchase & improvements, new and used equipment of all kinds, new and used vehicles of all kinds, water, wastewater, and solid waste projects, preliminary engineering and grant writing work, interim financing for construction or cash-flow loans, and rural and special improvement districts.

Montana Department of Public Health and Human Services

Energy Funds

MDPHHS offers two programs to help low-income individuals reduce their heating costs. The Weatherization Program helps participants to improve the heating efficiency of their homes and thus reduce their energy consumption. The Low Income Energy Assistance Program (LIEAP) pays part of winter energy bills for eligible people. Most utilities offer LIEAP recipients discounts on their bills. Individuals and families residing in subsidized housing with utilities included in their rent may apply for a one-time $50 LIEAP benefit, which qualifies them to receive increased food stamp benefits for a five-year period.

Eligibility for weatherization and fuel assistance is based on the households' income and assets. To be eligible, a household must make no more than 200% of the federal poverty level. Both homeowners and renters may apply for these programs. If a household receives Supplemental Security Income (SSI) benefits or from the Temporary Assistance to Needy Families (TANF) program, the household may qualify automatically for weatherization or fuel assistance. For more information, go to **http://www.dphhs.mt.gov/programsservices/energyassistance/index.shtml**.

Montana Department of Natural Resources and Conservation (MDNRC)

Renewable Resources Grant and Loan (RRGL) Program

The Renewable Resources Grant and Loan Program provides grant and loan funds to governmental entities for renewable resource projects that preserve, conserve, manage, and develop renewable resources. The Resource Development Bureau of MDNRC administers the program. Grant funding is limited to $100,000, and loan funds are available to the limit of the borrower's bonding authority. Interest subsidies for large loans are available subject to legislative approval. The RRGL Program has $4.0 million available for grant funding each biennium. The next round of applications will be due in May 2012. Project planning grants are available to provide funding for preliminary engineering and technical analysis needed to identify alternatives for projects that qualify for the renewable resource grant and loan program. Grants of up to $25,000 are available, with no match requirement. Emergency grants of up to $30,000 are available on an open cycle for projects that, if delayed, will result in substantial harm to public health or the environment. For more information, go to **http://dnrc.mt.gov/cardd/ResDevBureau/renewable_grant_program.asp**.

LEVERAGING AND MATCHING OF FEDERAL DOLLARS

Federal funds will continue to be leveraged with nonfederal resources to achieve the objectives of this plan. Matching requirements will be achieved through a variety of methods. Grant recipients are encouraged to utilize funds from the private sector, state and local programs, and other sources to assist in meeting HUD matching requirements and to increase the amount of funds available to provide affordable housing, expand economic opportunities, provide infrastructure, and improve community facilities.

Community Development Block Grant

CDBG **public facility grant** recipients are required to contribute local funds equal to at least 25% of the total CDBG funds requested. The match is provided either by a direct cash contribution or by incurring a loan or issuing bonds to be repaid through user charges or property tax assessments. Grant recipients are allowed to apply grant funds from other state or federal programs toward the match requirement. In cases of extreme financial hardship, and where the public's health or safety is affected, a local government may request a waiver to proportionally reduce or eliminate the match requirement. A financial analysis must clearly document that due to financial hardship, without additional grant assistance, the financial burden would be unreasonable and in the case of proposed water or wastewater projects, the projected user rates for water or wastewater systems would be more than 150 percent of the community's target rate.

Local matching funds are not required for CDBG **housing grants**.

For CDBG **economic development grants**, the local government is required to identify the sources and uses of funds and the amounts to be contributed by each financial source. Applicants to the program must assure the participation of at least one non-CDBG-ED dollar for each dollar of non-administrative CDBG-ED funds requested (a 1:1 leverage ratio). The non-CDBG-ED funds may come from a variety of sources, such as new investment by the firm to be assisted, new bank loans, new loans repaid to a state or federal loan program, or new grants. All of the required matching funds must be met by new cash in the form of new cash equity, new loans, or new grants. MDOC reserves the right to reduce the match requirement in exceptional circumstances, such as high impact projects in areas demonstrating significant levels of need.

CDBG **planning grant** recipients are required to provide a match on a 1:1 dollar basis (one non-CDBG dollar for each CDBG dollar) that must be firmly committed by the time CDBG funds are released. The match can come in several forms: funds borrowed from the MBOI INTERCAP Program, local cash reserves, or new cash contributions from other local, state, or federal agencies, programs or private organizations. Previously, in-kind expenses were allowed as match; however, because this type of match is very difficult to track and document for staff, volunteers, and local governments, the CDBG program no longer accepts in-kind as match. Local governments that are having difficulty with the match requirement may request a waiver to reduce or entirely waive the match requirement due to extreme financial hardship. In these cases, the local government must clearly document that there is a need for the planning project and clearly demonstrate that higher financial participation is not possible.

Home Investment Partnerships Program

Many of Montana's recipients have contributed a large amount of matching funds with their projects. In fact, HOME recipients have provided enough matching funds over the years to allow the state to carry match forward, allowing the HOME Program to lower the minimum match requirement from 25% to 5%. To be considered an eligible match, a contribution must be made from nonfederal sources and must be made to housing that is assisted with HOME funds.

Beginning April 1, 2011, homebuyers receiving HOME funds for down payment assistance will be required to use a Montana Board of Housing (MBOH) regular bond or set-aside loan for their permanent mortgage. Exceptions to this requirement will be granted. Programs such as Habitat for Humanity, RD Mutual Self Help, RD 502 Direct Loans, and other similar loans will be placed on an "exception list" and will be eligible on an ongoing basis.:

- 25% of the face value of a Montana Board of Housing loan. (Use of an MBOH loan for permanent financing maximizes the match generated for the overall program.)
- Sweat Equity

- Volunteer Labor or Services
- Federal Home Loan Bank Home $tart Funds
- Individual Development Accounts (IDA)

  NOTE: MBOH loans typically come with FHA, VA, or RD mortgage insurance or guarantees. First mortgage loans funded by MBOH are eligible as match, as noted above. First mortgages from any federal funding source, such as RD, are **NOT** an eligible source of match**,** and other sources of eligible matching contributions will need to be identified. Non-MBOH loans guaranteed by FHA, VA, or RD do not count as match.

Sweat equity and volunteer labor or services must be documented. Documentation must include a document signed by the donating party stating the number of hours worked, the dates worked, the dollar value of services provided. Unskilled and voluntary labor is valued at $10 per hour. Skilled labor and professional services are valued at normal fees charged. See **Exhibit 4-Q**, Volunteer Certification Form, Chapter 4, HOME Grant Administration Manual, to document volunteer labor and homeowner sweat equity.

The reasoning behind this change is HUD requires a 25% overall match for HOME funds. MDOC's currently requires only a 5% match because grantees have provided more than the required amount of match, and MDOC has been able to "bank" that excess to reduce the overall match requirement. However, the pool of banked match is shrinking. MBOH loans provide significantly more match dollars for each household assisted than most other sources. This has helped the overall program by keeping the match requirement lower than what it would otherwise be.

Emergency Shelter Grant

Recipients of the ESG grant funds are required to match an equal or greater amount than the contracted amount. This ensures that the program fulfills its obligation to match 50% of the grant amount.

III. STATEMENT OF SPECIFIC ANNUAL OBJECTIVES

Table 3A - Summary of Specific Annual Objectives
Plan Year 2011

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[6]	Actual Number	Percent Completed
DH-1	**Availability/Accessibility of Decent Housing**						
DH-1.1	Enhance the availability / accessibility of decent housing through assistance for the acquisition / new construction of rental and homeownership units for LMI households	**CDBG**	▪ Number of units acquired and newly constructed	**2010**	**0**		
				2011	**0**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
DH-2	**Affordability of Decent Housing**						
DH-2.1	Address the need for affordable decent housing by offering rehabilitation assistance to low- and very low-income homeowner households	**HOME** **Local Match**: *5% minimum required*	▪ Number of units rehabilitated ▪ # of units meeting Section 504 standards ▪ # of units qualified as Energy Star	2010	40		
				2011	**40**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
DH-2.2	Address the need for affordable decent housing by offering down payment and closing cost assistance to low and very low-income households	**HOME** **Local match**: *5% min. required*	▪ Number of households receiving homebuyer assistance ▪ # of first-time homebuyers ▪ # receiving homebuyer education/ counseling ▪ # coming from subsidized housing	2010	100		
				2011	**100**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
DH-2.3	Address the need for affordable decent housing by offering tenant-based rental assistance (TBRA) to low- and very low-income households	**HOME** **Local Match**: *5% min. required*	▪ Number of households provided with rental assistance ▪ # designated for the homeless ▪ # for the chronically homeless	2010	50		
				2011	**50**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				

[6] Since HOME and CDBG grant funds are primarily distributed through competitive and/or first-come, first-serve processes, the state cannot accurately predict the number of and distribution of grant assistance among specific objectives. The specific number of households, businesses, etc., expected to be assisted each program year is based on the historic number assisted in previous years, adjusted for anticipated declines in funding and rising costs, which may or may not be an accurate reflection of future fund distributions.

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[6]	Actual Number	Percent Completed
DH-2.4	Address the need for affordable decent housing by offering assistance for the acquisition, rehabilitation and new construction of rental housing to serve low- and very low-income households	**HOME** **Local Match**: *5% min. required*	▪ Number of rental units assisted ▪ # of units meeting Section 504 standards ▪ # of units qualified as Energy Star ▪ # designated for persons with HIV/AIDS ▪ # for the chronically homeless ▪ # designated for the homeless ▪ # for the chronically homeless	2010	115		
				2011	**115**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
DH-2.5	Address the need for affordable decent housing through down payment and closing cost assistance to low- and moderate -income households	**CDBG**	▪ Number of households receiving homebuyer assistance	2010	4		
				2011	**4**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
DH-2.6	Address the need of families facing the possibility of homelessness by providing one-time payments for utilities, rent or deposits through homeless prevention programs and services	**ESG**	▪ Number of individuals receiving one-time payments for utilities, rent, or deposits for families facing eviction/shut-off or foreclosure or to provide security deposits to enable families to move into a dwelling of their own.	2010	4,000		
				2011	**6,000**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
DH-3	**Sustainability of Decent Housing**						
DH-3.1	Improve the sustainability of decent housing through the rehabilitation of homeowner and rental units to benefit LMI households.	**CDBG**	▪ Number of LMI households assisted	2010	50		
				2011	**50**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
SL-1	**Availability/Accessibility of Suitable Living Environment**						
SL-1.1	Enhance the availability / accessibility of suitable living environments through the new construction of public facilities to benefit a geographic area with an LMI percentage of 51% or higher	**CDBG**	▪ Number of persons with new access to the public facility or receiving a service provided by the public facility that is no longer substandard	2010	230		
				2011	**230**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[6]	Actual Number	Percent Completed
SL-1.2	Enhance the availability/accessibility of decent housing by offering new construction and rehabilitation of non-rental shelters[7] to LMI households	**CDBG**	▪ Number of units constructed and rehabilitated	2010	0		
				2011	**0**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
SL-1.3	Enhance suitable living environment through availability and accessibility of emergency or transitional shelters for adults	**ESG**	▪ Number of adults served	2010	6,800		
				2011	**6,800**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
SL-1.4	Enhance suitable living environment through availability and accessibility of emergency or transitional shelters for children	**ESG**	▪ Number of children served	2010	353		
				2011	**353**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
SL-1.5	Enhance suitable living environment through availability and accessibility of the central services for the homeless.	**ESG**	▪ Number of individuals assisted with essential services: such as shelter, food and individual support services.	**2010**			
				2011	**300**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
SL-2	**Affordability of Suitable Living Environment**						
SL-2.1	Improve the affordability of suitable living environment through rehabilitation of existing or new construction of public facilities[8] by targeting direct benefits to serve a specific LMI clientele.	**CDBG**	▪ Number of persons with improved or new access to the public facility or receiving a service provided by the public facility that is no longer substandard	2010	220		
				2011	**220**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				

[7] Youth group homes, domestic violence facilities, mental health facilities, homeless shelters, etc.
[8] Water and wastewater projects, nursing homes, Head Start centers, senior centers, county hospitals, etc.

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[6]	Actual Number	Percent Completed
SL-3	**Sustainability of Suitable Living Environment**						
SL-3.1	Improve the sustainability of suitable living environments through rehabilitation of existing public facilities[9] to benefit a geographic area with an LMI percentage of 51% or higher.	**CDBG**	▪ Number of persons with improved access to the public facility or receiving a service provided by the public facility that is no longer substandard	2010	2,400		
				2011	**2,400**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
SL-3.2	Address the need for a suitable living environment by supporting existing facilities providing services as emergency shelters and domestic violence facilities as shelter maintenance programs.	**ESG**	▪ Number of emergency shelters/domestic violence facilities assisted that provide shelter, food and individual support services through Shelter Maintenance funding.	2010			
				2011	**23**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
EO-1	**Availability/Accessibility of Economic Opportunity**						
EO-1.1	Provide economic opportunity through improved or new availability/accessibility	**CDBG**	▪ Number of loans/grants ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained	2010	1		
				2011	**1**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
EO-2	**Affordability of Economic Opportunity**						
EO-2.1	Provide economic opportunity through improved or new affordability	**CDBG**	▪ Number of loans/grants ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained	2010	3		
				2011	**3**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				

[9] Water and wastewater projects

Specific Obj. #	Outcome/Objective Specific Annual Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number[6]	Actual Number	Percent Completed
EO-3	**Sustainability of Economic Opportunity**						
EO-3.1	Provide economic opportunity through improved or new sustainability	**CDBG**	▪ **Number of loans/grants** ▪ Number of new businesses assisted ▪ Number of existing businesses assisted ▪ Number of jobs created ▪ Number of jobs retained	2010	3		
				2011	**3**		
				2012			
				2013			
				2014			
			MULTI-YEAR GOAL				
CR-1	**Community Revitalization**						
Not applicable							
O-1	**Other**						
Not applicable							

It should be noted that the federal HUD funding has been declining for several years, while during the same timeframe, costs have continued to escalate due to a variety of factors. The cost of construction materials has increased, and the imposition of lead-based paint requirements has increased the cost and complexity of residential rehabilitation, while extending the production timeframe. In such an environment, it becomes increasingly difficult to attempt to measure performance in light of long-term production goals because the factors and assumptions the goals are based upon simply are not stable or constant over time. However, the performance measures and indicators still have value in that they illustrate the nature and extent of the impacts of the state's HUD-assisted programs on Montana's communities and residents.

IV. OUTCOME MEASURES

Table 3C
Annual Action Plan
Planned Project Results

Outcomes & Objectives*	Performance Indicators	Expected Number[10]	Activity Description
DH-2.1	Number of owner-occupied units rehabilitated	40	Rehabilitation assistance to low- and very low-income homeowners
DH-2.2	Number of homebuyers assisted	100	Down payment & closing cost assistance to low- and very low-income homebuyers
DH-2.3	Number of households assisted	50	Tenant based rental assistance (TBRA)
DH-2.4	Number of rental units acquired, rehabilitated, and constructed	115	Acquisition, rehabilitation, construction of rental units
DH-2.5	Number of homebuyers assisted	4	Down payment & closing cost assistance to low- and moderate -income households
DH-2.6	Number of adults receiving assistance	6,000	Decent housing provided through homeless prevention services and emergency services
DH-3.1	Number of LMI households assisted	50	Rehabilitation of homeowner and rental housing units
SL-1.1	Number of LMI persons with new / improved access	230	New construction of public facilities
SL-1.3	Number of adults assisted	6,800	Assistance provided through shelters that are maintained
SL-1.4	Number of children assisted	353	Emergency and transitional housing provided
SL-1.5	Number of individuals assisted with essential services: such as shelter, food and individual support services.	300	Providing essential services for the homeless.

[10] Since HOME and CDBG grant funds are primarily distributed through competitive and/or first-come, first-serve processes, the state cannot accurately predict the number of and distribution of grant assistance among specific objectives. The specific number of households, businesses, etc., expected to be assisted each program year is based on the historic number assisted in previous years, adjusted for anticipated declines in funding and rising costs, which may or may not be an accurate reflection of future fund distributions.

Outcomes & Objectives*	Performance Indicators	Expected Number[10]	Activity Description
SL-2.1	Number of LMI persons with new / improved access	220	Rehabilitation of public facilities that serve a specific clientele
SL-3.1	Number of persons with improved access to the public facility	2,400	Rehabilitation of an existing public facility specific to a geographic area
EO-1.1	Number of loans/grants	1	Loans and grants to small businesses
EO-2.1	Number of loans/grants	3	Loans and grants to small businesses
EO-3.1	Number of loans/grants	3	Loans and grants to small businesses

*Use one of 9 outcome/objective categories:			
	Availability/Accessibility	**Affordability**	**Sustainability**
Suitable Living Environment	SL-1	SL-2	SL-3
Decent Housing	DH-1	DH-2	DH-3
Economic Opportunity	EO-1	EO-2	EO-3

V. METHOD OF DISTRIBUTION

Housing and community development needs vary widely across the state. The extreme diversity in the available infrastructure and housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. Because of the limited availability of resources and the extent of community development and housing needs, each of the three formula grant programs has developed its own methods to address priority needs and to distribute CDBG, ESG, and HOME Program funds to eligible entities for the activities expected to be carried out during the program year.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CDBG Program Categories

The basic categories for local community development projects are housing and neighborhood renewal, public facilities, planning projects, and economic development. Some of the activities that can be carried out with CDBG funds include acquiring real property; rehabilitating residential and nonresidential properties (including special facilities for persons with disabilities); constructing new, affordable housing (when sponsored by a nonprofit organization); providing public facilities and improvements such as water, sewer or solid waste facilities, rural hospitals or senior citizen centers; and assisting for-profit businesses to promote economic development activities that will result in creation or retention of jobs.

Housing and Neighborhood Renewal Projects

CDBG housing and neighborhood renewal projects may consist of one or more activities designed to address the affordable housing needs of low and moderate income households. The principle activities within a housing and neighborhood renewal project must clearly be designed to address needs appropriate to the category and be pertinent to a national or state objective of the CDBG program.

CDBG funds are often used to make low or no-interest loans or grants to low- and moderate-income families to allow them to rehabilitate homes in substandard condition. CDBG rehabilitation projects focus on bringing housing up to basic code standards by addressing structural deficiencies, improving electrical systems, and addressing issues related to asbestos and lead-based paint. In light of increasing energy costs, communities are encouraged to use CDBG funds to undertake energy conservation for housing owned or occupied by low- or moderate-income households.

CDBG funds can also be used to expand homeownership opportunities for low- and moderate-income persons by paying closing costs, providing up to 50% of any down payment required, subsidizing interest rates, and financing the acquisition of housing. Many Montana communities are experiencing shortages of affordable housing; CDBG funds can help finance or subsidize the construction of new, permanent residential units where the CDBG funds will be used by a local nonprofit organization. Local governments can directly undertake affordable housing projects that can include site improvements to publicly owned land or land owned by a nonprofit organization to be used for new housing and converting an existing non-residential structure (such as a former hospital) to residential use.

Public Facility Projects

CDBG public facility projects may consist of one or more activities designed to resolve a community development need associated with the reconstruction or substantial renovation of an existing public facility or construction of an entirely new public facility. The principle activities within a public facility project must clearly be designed to address needs appropriate to the category and be pertinent to a national or state objective of the CDBG program.

Public facility projects are designed to assist general-purpose local governments with problems and needs identified in a community growth policy or capital improvement plan and are supported by the community. CDBG funds can be used to upgrade or undertake the new construction of community water and sewer systems and other public facilities. Activities may also include direct assistance to low- and moderate-income families to pay special assessments or hookup charges for public improvements, such as connection to a new public wastewater collection system. During the last several years, communities have also utilized the CDBG Program to construct or rehabilitate facilities designed for use predominately by persons of low- or moderate-income such as senior citizen centers, Head Start centers, public nursing home facilities, mental health centers, and public hospitals in rural communities.

Construction of transitional (temporary) or short-term housing is eligible under the public facilities category, rather than under the housing and neighborhood renewal category. Short-term residential facilities include homeless shelters and shelters or centers for abused or runaway youth and victims of domestic violence. The change of category from housing and neighborhood renewal to public facility, beginning in 2008, was primarily due to the unique services provided with short-term housing. Short-term residential facilities typically have specific requirements and provide unique services that differentiate them from other housing projects, such as those providing homeowner rehabilitation, multi-family construction, or first-time homebuyer assistance. The clientele served by short-term residential facilities must typically meet very specific criteria and follow specific treatment programs. The activity being provided is a public service function that includes provision of over-night housing and counseling services. Because the project focus is on the provision of a public service (as opposed to long-term, permanent housing), it is appropriate to rank these types of facilities under the public facility category.

Planning Projects–Public Facilities, and Housing and Neighborhood Renewal

The CDBG Program is able to play a unique role in assisting Montana communities because of its ability to offer planning grants to local governments. The CDBG housing and public facilities planning grant funds are used to assist local governments in a wide variety of long-term planning-related activities including preparing or updating community growth policies, community needs assessments, capital improvement plans, housing studies, and preliminary architectural or engineering plans related to public facility and housing activities.

As a rule, CDBG requires that all applicants applying for planning grant monies to prepare preliminary engineering reports, must first apply to the Treasure State Endowment Program and the Montana Department of Natural Resources and Conservation's Renewable Resource Grant and Loan program. An application for funds for a PER may be submitted to CDBG only if TSEP and RRGL funds are not available for PERs.

Economic Development Projects

Montana's CDBG Economic Development Program is designed to stimulate economic development activity by assisting the private sector in order to create or retain jobs for low- and moderate-income persons. CDBG funds are intended to be used in situations where a funding gap exists or alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing and those of other federal programs such as the U.S. Department of Commerce Economic Development Administration (EDA) and U.S. Small Business Administration (SBA). The program also complements MDOC programs for business assistance administered by the Business Resources Division, such as the Regional Development Program and the state Micro Business Finance Program, as well as programs administered by the Montana Board of Investments.

The CDBG-ED Program assists businesses by making appropriate long-term, fixed-rate financing available to them at reasonable interest rates with flexible terms. Typical eligible activities that fall within the CDBG economic development category include: land acquisition; public facilities, infrastructure (water and sewer lines, sidewalks, access roads, etc.), and other improvements in support of economic development; loans for acquiring, constructing, rehabilitating, or installing commercial and industrial buildings, facilities, or for working capital; grants for job training; and grants or loans from communities to nonprofit entities.

The CDBG-ED Program provides instructions for and descriptions of criteria used to select applications for funding. The annual application guidelines provides a checklist of items that applicants must provide in their applications (see the checklist starting on page 40).

Guaranteed Loan Funds

The state does not currently anticipate aiding nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M (the Section 108 Loan Guarantee Program). However, HUD Section 108 Loan Guarantees will be available under exceptional circumstances. These loans will be available subject to the analysis and discretion of the MDOC Loan Review Committee and contingent upon the local government applicant and financing packager receiving assistance from an organization or individual consultant experienced with structuring Section 108 projects.

Community Revitalization

The state does set forth community revitalization activities as a principal grant activity. Local government grantees are urged to consider community revitalization activities as a complimentary activity to one of the basic eligible housing and neighborhood renewal or public facilities activities, such as doing neighborhood revitalization (demolition, clean up, park development) in conjunction with a traditional housing rehabilitation project. In addition, planning for community revitalization is an eligible activity for a planning grant.

Funding

Annual CDBG Grant

For the plan year beginning April 1, 2011, it is estimated the state will receive approximately $7,466,019[11] million in federal CDBG funds. Of these dollars, after program administration and technical expenses, a minimum of 30%, but not to exceed 40%, will be allocated to the Business Resources Division for economic development projects, with approximately $210,000 to be allocated for planning grants. A minimum of 60% but not to exceed 70%, will be allocated to the Community Development Division for public facility and housing and neighborhood renewal projects and grants.

The CDD bases the funding allocation between the housing and public facilities categories upon the application demand for the two categories from the previous two years. Using a two-year average adjusts for variability in demand for public facilities funding that may be associated with the biennial funding cycle of the state's legislatively-approved infrastructure funding programs: the MDNRC's Renewable Resources Grant and Loan Program and MDOC's Treasure State Endowment Program. Additionally, the funding reserved for each category can respond to changing relative

[11] Estimate based on FFY 2010 HUD allocation; FFY 2011 allocation unknown at time of Plan submission

demand for CDBG housing and public facilities. Through this method, the amounts allocated between the two categories will change based upon actual demand.

Funds Recaptured by the State from Units of General Local Government

Any funds recaptured by the state from units of general local government that received previous annual grants will be distributed to other units of general local government using the same method of distribution that currently governs the programs.

Funds Reallocated to the State by HUD

Any funds that are reallocated to the state by HUD at the time the annual grant is awarded will be distributed to units of general local government using the same method of distribution that currently governs the programs and/or by any rules imposed by HUD as a condition of receiving the reallocated funds.

Program Income

The CDD and BRD anticipate that an undeterminable amount of program income will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. Each year, local governments receiving CDBG program income are requested to file a report showing the status of program revenues and expenditures.

Other Funding Considerations

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves, or in combination with other proposed funding sources, to complete the proposed activities within 24 months from the date of the announcement of grant award by MDOC. There are no minimum amounts required for CDBG requests, although requests under $100,000 generally are not cost-effective due to the administrative requirements that accompany the program. Communities applying for economic development funding can continue to apply for funding throughout the program year until they have reached the maximum amount of $400,000 per local government.

Existing grantees must significantly drawdown their current funds before they are eligible to apply for additional program funds. Each local government may apply for economic development funding up to $400,000 and one housing and neighborhood renewal project and one public facility project each program year. In addition, each local government may be awarded one CDBG ED planning grant and one CDD planning grant each year. Montana’s three entitlement cities, Billings, Great Falls and Missoula, are not eligible to apply for state CDBG funding since they receive their own CDBG funds directly from HUD.

Application Selection Criteria

General-purpose local governments (towns and cities under 50,000 in population and counties) are eligible applicants. Private and nonprofit organizations are not eligible to apply directly; in these cases, a county or municipality must apply for CDBG funds on their behalf. If funded, an interlocal or sub-recipient agreement must be executed.

Housing and Neighborhood Renewal

Funds distribution for the CDBG housing and neighborhood renewal category is based on an annual grant competition. The demand for CDBG funds has typically exceeded the amount available; therefore, MDOC has developed an application ranking procedure to methodically evaluate the degree to which a proposed project responds to the objectives of Montana's CDBG Program and the ranking criteria.

Housing and neighborhood renewal applications are evaluated according to the following criteria and may be assigned up to a maximum of 1,050 points, based on the following ranking criteria:

	Points
1. Community Planning & Citizen Participation	200
2. Need	200
3. Project Strategy and Community Efforts	250
4. Benefit to Low- and Moderate-Income	200
5. Implementation and Management	200
TOTAL POINTS:	**1,050**

The CDBG ranking teams' written findings, based upon the scoring criteria for each category, are submitted to the MDOC director who makes the final decision on grant awards. Additional information on the guidelines can be accessed on the web at **http://comdev.mt.gov/CDBG/cdbghousing.mcpx**

Beginning in 2011, a professional engineer within the Division will also review preliminary architectural reports submitted by applicants for those housing projects involving the substantial rehabilitation or new construction of housing structures, (excluding the proposed rehabilitation of single-family owned residences).

Public Facilities

Public facility applications are reviewed by MDOC CDBG staff for completeness and for conformance to federal and state CDBG requirements. In the case of water and wastewater applications, professional engineers within the Community Development Division review and recommend scores for the "Need for Project" and "Project Concept and Technical Design" ranking criteria based upon the applicant's preliminary engineering report to ensure that the technical information is professionally analyzed.

Beginning in 2011, a professional engineer within the Division will also review preliminary architectural reports submitted by applicants for other types of public facility projects other than water and wastewater facilities.

After the grant application is ranked by the CDBG ranking team, the written recommendations for grant awards are given to the MDOC Director for the final decision. The actual number of awards is subject to funding availability and the amount of each applicant's request.

Each application is evaluated according to the following criteria and may be assigned up to a maximum of 1,125 points:

		Points
1.	Community Planning & Citizen Participation	175
2.	Need for Project	175
3.	Project Concept and Technical Design	150
4.	Community Efforts	100
5	Need for Financial Assistance	200
6.	Benefit to Low- and Moderate-income	150
7.	Implementation and Management	175
	TOTAL POINTS:	**1,125**

Beginning in 2008, public facility applications for non-water and wastewater projects that provide less than a community-wide benefit and serve a specific group of people such as Head Start and Senior Citizen Centers are evaluated based strictly on "gap analysis", i.e., the documentation of the existence of a funding gap and the need for CDBG grant funds.

Funds are awarded to the top-ranked applications until all funds are allocated. The minimum number of points for a public facilities application to be considered for funding is 700. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Additional information on public facility grant application guidelines can be accessed on the web at **http://comdev.mt.gov/CDBG/cdbgpublicfacilities.mcpx**.

Planning Grants - Public Facilities, and Housing and Neighborhood Renewal

The CDBG Program uses five criteria to evaluate planning grant proposals related to Public Facilities, and Housing and Neighborhood Renewal and to rank the applications in the likely event that the total requests exceed available funding. Applicants considering a CDBG planning grant application to prepare a preliminary engineering report related to water and wastewater facilities must first inquire of the TSEP program to see if TSEP funds are already available (TSEP preliminary engineering funds are available on a "first-come/first-served" basis).

Planning grant applications may be assigned up to a maximum of 425 points. The ranking criteria and weightings are:

		Points
1.	Relationship to Long-Term Community Planning	125
2.	Need for Planning Activity	100
3.	Community Efforts and Financial Need	50
4.	Benefit to Low and Moderate Income	100
	SUB-TOTAL POINTS:	**375**
	TOTAL POINTS:	**375**

The application guidelines for CDBG planning grants can be accessed on the web at **http://comdev.mt.gov/CDBG/cdbgplanninggrants.mcpx**

Economic Development

The CDBG-ED guidelines are available as of February 2011 and the CDBG-ED planning grant guidelines will be available in May 2011. Applications are received and funds are awarded on a continuous cycle until all funds are committed. Once all funding is obligated, project development and funding awards may occur in anticipation of the next year's funding allocation.

Eligible applicants are local governments, which usually contract with local development organizations to loan funds to for-profit businesses that agree to create jobs for low- and moderate-income persons. Each application is initially reviewed by CDBG staff. After the initial review is completed, a final review is done by a grant review committee that makes funding recommendations to the MDOC director. The director makes a final funding decision.

Applicants must meet certain thresholds when applying for funding, including preparing a business plan and providing a 1:1 dollar match. The CDBG-ED Program provides instructions and descriptions of criteria used to select applications for funding awards. The annual application guidelines provide a checklist of items that applicants must provide. Each point in the checklist corresponds to a chapter in the application guidelines, or appendix where local governments can utilize document templates, examples, and find detailed information for compiling their project applications. This checklist corresponds to an internal checklist used to review applications for completeness.

Preliminary Steps

IN PROCESS	COMPLETED	N/A	ACTION
			1. Business approaches the local government, local development corporation, or some other entity, with a proposal.
			2. Local government and/or local development corporation and business consult with CDBG staff to see if the proposal is a good fit for the CDBG-ED program. Does the project meet CDBG-ED business thresholds? See *Chapter I* for general requirements.
			3. Minimum 1:1 match. See *Chapter II, Matching Funds.*
			4. Cost per job created or retained: See *Chapters I* & *II.*
			a. No more than $25,000 of activity funds per job created or retained for loans,
			b. No more than $35,000 of activity funds per job created or retained in an area that has a population of at least 51% low and moderate income persons,
			c. No more than $5,000 per employee trained under Customized Training for Employees,
			d. No more than $7,500 per disabled employee trained under Customized Training for Employees.
			5. Business can show minimum 51% benefit to LMI. See *Chapter II, Benefit to Low and Moderate-Income Persons.*
			6. Business drafts a Hiring and Training Plan. See *Chapter III, Hiring and Training Plan.*
			7. Business owner make preliminary review of financials. See *Chapter III, Business Plan*
			8. The assisted business secures matching funds with commitments. See *Chapter I, Matching Funds.*
			9. Business owner discuss expected timeline for business owner's need for money.
			10. If business does not have a D-U-N-S number, it registers for one. See *Chapter III, D-U-N-S Numbers.*
			11. Business reviews U.S. Census Bureau's NAICS codes for proper business classification. See *Chapter III, NAICS Codes.*
			12. For infrastructure projects: a. Preliminary architecture or engineering report has been completed and costs are estimated. See *Chapter I, Business Infrastructure Projects*, *Appendix V & Appendix W.*
			b. If the local government desires to hire an architect or engineer, it has to demonstrate that services were procured in accordance with state law and MDOC procurement policy. See *Appendix K.*
			13. Local government and assisted business contact the area's Certified Regional Development Corporation (CRDC) and discuss intentions to apply for CDBG-ED funds. All applications must have either 1) a copy of a resolution passed by the CRDC's Board of Directors showing support for the CDBG-ED application, or 2) an explanation as to why the resolution is not submitted.

If the proposal is determined to be a good fit for the CDBG-ED program, the <u>local government</u> initiates the CDBG-ED application process.

Final Application Process

IN PROCESS	COMPLETED	N/A	ACTION
			1. Applications will be reviewed and analyzed by staff on a "first come, first served" basis, as determined by the date the full application is found to be complete by the MDOC. CDBG-ED staff will work closely with applicants during the review process to negotiate any changes and resolve issues identified during the review. Staff may consult with the contact persons from the business and the applicant community during initial review. The application is considered complete when all requirements have been met, the initial financial review indicates that the project has the potential to be financially feasible, and the project is properly structured.
			2. Local Government conducts a needs assessment in accordance with CDBG-ED guidelines, or provides detailed information on a recently completed assessment that addresses housing, infrastructure, and economic development. Contact CDBG-ED staff for a copy of *"The Community Needs Assessment Process."* See Guidelines, *Chapter II, Citizen Participation,* & *Appendix I.*
			3. Local Government holds first public hearing; – may occur before business comes forward: See *Guidelines, Chapter II* & *Appendix I.*
			a. Held not more than 12 months before submitting application.
			b. Provides general description of CDBG and other funding programs: purpose, uses, funds available, application deadlines, status of commitment, etc.
			c. Elicits public comment on community's needs assessment.
			d. Solicits for businesses that may be interested in applying for a CDBG-ED loan.
			4. Local Government holds second public hearing: See Guidelines, *Chapter II, Citizen Participation* & *Appendix I.*
			a. Held not more than 2 months before the date of the application.
			b. Gives citizens and potential beneficiaries adequate opportunity to review and comment on the proposed application before it is submitted.
			5. The assisted business finalizes matching funds and commitments.
			6. The assisted business secures buy/sell agreement, if applicable. S*ee Chapter II, Acquisition.*
			7. The assisted business conducts income surveys and racial category forms for retained positions. See *Chapter II, Benefit to Low and Moderate-Income Persons,* & *Appendix S.*
			8. Each local government's CDBG-ED application needs to review and/or complete the following, required appendices; and document that required application areas as described in Chapters II and III are addressed. Having these appendices appear in the order in which they are listed will expedite the review process:
			a. Complete *Appendix A, Montana Department of Commerce Economic Development Project Application Form*
			b. Appendix B: Complete the *Local Government and Business Application Certification* form
			c. Appendix C: Review and sign the Acceptance of CDBG Program Requirements *(Certifications for Application)*
			d. Appendix D: Identify and provide a description on how the proposal addresses at least one of the *State Objectives for the Montana Department of Commerce, Community Development Block Grant Program*
			e. Appendix E: Complete the *Full Environmental Checklist for CDBG-ED Applications*, AND provide sources used for information.
			f. Appendix F: Review the *Percent Low to Moderate Income (LMI) for Montana Counties, Cities, and Places* for area-wide projects. Contact program staff for eligibility.

IN PROCESS	COMPLETED	N/A	ACTION
			g. Appendix G: Review the *CDBG Technical Assistance Publications* and contact the MDOC for copies of any publications needed.
			h. Appendix H: Pass a *Resolution to Authorize Application; o*ne for each local government making the application.
			i. Appendix I: Review *Public Hearing Procedure* and *Sample Formats for Public Hearing Announcements.*
			j. Appendix J: Review *Revolving Loan Fund Plan Sample* and draft a plan for submittal.
			k. Appendix K: Review the MDOC's *Procurement Policy.*
			l. Appendix L: Draft *Sub-Recipient Agreement* (or equivalent) if utilizing a local development organization.
			m. Appendix M: Draft a *Management Plan.*
			n. Appendix N: Complete a *Sources/Uses Form and Pro-Forma Balance Sheet* (or equivalent) AND provide narrative on each funding source: status of commitment, availability, etc.
			o. Appendix O: Draft a *Hiring and Training Plan* (or equivalent).
			p. Appendix P: Complete an *Implementation Schedule.*
			q. Appendix Q: Complete a *Confidentiality Agreement and Affidavit.*
			r. Appendix R: Draft an *Inter-local Agreement* (if a multi-jurisdictional project).
			s. Appendix S: Complete *Income Certification Forms* & *Racial/Ethnicity Categories Forms* for job retention projects.
			t. Appendix T: Submit *Business Plan*. Contents need to include the following: See *Chapter III, Business Plan.*
			i. Business Description
			ii. Management Description
			iii. Market Analysis
			iv. Financial Statements
			v. Projections
			vi. Debt Schedule
			vii. Working Capital Needs
			viii. Personal Financial Statements
			ix. Personal Credit Check Release
			x. Private Sector Commitments
			xi. Public Sector Commitments
			u. Appendix U: Submit *Draft Grant Assistance Agreement* for customized employee training agreements, infrastructure grants, and grants to non-profit organizations.
			v. Appendix V: Submit preliminary engineering report (PER) for infrastructure projects.
			w. Appendix W: Submit preliminary architectural report (PAR) for building construction or renovation projects.
			x. Provide narrative and supporting documentation (such as a copy of the needs assessment process) describing the community's needs assessment process. See *Chapter II, Community Development Needs Assessment.*
			y. Provide narrative and supporting documentation (public announcements, minutes, and attendance sheets) describing the public hearing process and results. See *Chapter II, Citizen Participation.*
			z. Provide narrative describing how the proposal will show benefit to at least 51% low and moderate-income persons. See *Chapter II, Benefit to Low and Moderate-Income Persons.*

IN PROCESS	COMPLETED	N/A	ACTION
			aa. Provide narrative describing how the proposal addresses the state's community development objectives. See *Chapter II, State Community Development Objectives*
			9. Provide copy of resolution passed by CRDC in support of application, or explanation why one is not included.
			10. Maps – Local government obtains copies of maps showing location of assisted business/project area, and copy of FEMA map designating area of floodplain. See *Chapter II, Maps.*
			11. Worker's Compensation Insurance Coverage – Provide proof of current worker's compensation insurance coverage for the local government, assisted business, local development organization, and contracted consultants.
			12. Questions to ask before submittal of application:
			a. Are project costs reasonable?
			b. Are all sources of project financing committed?
			c. Is the project financially feasible?
			d. To the extent practicable, the return on the owner's equity investment will not be unreasonably high?
			e. Are the matching funding sources committed, and are there letters of commitment from each source?
			f. Has the application demonstrated a need for CDBG-ED assistance?
			g. Have all other sources for funding been explored and rejected (documented)?
			h. For health care facilities, has the Health Facility Authority (Montana Board of Investments) been contacted?
			i. Is there sufficient equity and collateral to meet the lending requirements of private lending institutions?
			j. Can the assisted business contribute sufficient equity to the project to meet the debt/net worth requirements of traditional lenders?
			k. Has the applicant considered the quality of the jobs and the wages they pay?
			l. Is the management experienced in the type of business activities it proposes, and has it demonstrated a capacity to successfully manage it?
			m. Are the projected earnings realistic and attainable? Are they supported by historical trends and industry norms? Do the projections indicate that cash flow will be sufficient to support the proposed increased debt?
			n. Are CDBG-ED funds adequately secured with all reasonably available assets and/or personal guarantees?
			o. If the proposal involves the purchase of a business, has an appraisal been completed, and is there a buy/sell agreement in place?
			p. Does the application support a sound, well-reasoned proposal with a strong indication that the business will enjoy success if CDBG-ED funds are received?
			q. Will the project be ready to proceed upon notification of tentative award of CDBG-ED funds and be ready to begin immediately?
			r. Does the application demonstrate that the project will support itself over time and not impose a burden on the local government or non-profit entity participating in the project?
			13. Three (3) copies of each application is required for submission:
			a. Three copies (one original and two copies) of the application must be submitted to the Business Resources Division of the Montana Department of Commerce (see address on cover page) using the form in *Appendix A,* and all other appropriate documentation to fully respond to these application guidelines.

Funds are awarded on a first-come, first-serve basis, if the thresholds and underwriting criteria are met, until all funds are committed. Application guidelines for the CDBG-ED Program are on the web at:
http://businessresources.mt.gov/CDBG/applicationguidelines.mcpx.

MDOC promotes regional planning efforts and coordination among local development entities and local governments. To encourage better communication in local planning efforts, applicants must provide a copy of a resolution of support passed by the board of their regional Certified Regional Development Corporations (CRDCs). If an applicant's area is not covered by a CRDC, the applicant must provide narrative explaining why it does not participate in a regional planning effort. For more information, go to **http://businessresources.mt.gov/CRDC/default.mcpx**.

Economic Development Planning Grants

The Business Resources Division also sets aside approximately $210,000 in CDBG-ED funds for economic development planning, capacity building, and technical assistance grants. For plan year 2011, the BRD intends to use the set-aside funds for activities similar to those funded in recent years, but will establish specific application policies by May 2011. The policies will specify funding priorities, application procedures, and amounts available at that time for each subcategory. Funds not utilized for this category may be used for the regular CDBG-ED Program. Specific information may be obtained on the web at **http://businessresources.mt.gov/CDBG/default.mcpx**.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The goal of the HOME Program, administered within the Housing Division's Housing Assistance Bureau, is to expand the supply of decent, safe, affordable housing for low- and very low-income Montana households. The program achieves this goal through a wide range of eligible activities including TBRA rental deposit assistance; down payment and closing cost assistance to homebuyers; new construction; reconstruction, relocation, and rehabilitation of property; site improvements; acquisition of existing buildings, property acquisition in conjunction with new construction, reconstruction and/or rehabilitation, and other activities to develop or preserve non-luxury housing.

Housing needs vary widely across Montana. The extreme diversity in available housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing needs. Generally, it was inferred from the household forecast and the survey conducted for the *Montana Housing Needs Assessment*[12] that most housing needs in the state were either medium or high priority. Because of the limited availability of resources and the variety of housing needs, the HOME Program leaves it up to **each community, through detailed local analyses, studies and needs assessments, to determine its own highest priority housing need.** The HOME Program reserves the right to make a determination of local need based on local analyses, studies and needs assessments, which may override the state's priority level.

[12] *Montana Housing Needs Assessment;* Western Economic Services; December 2009; **http://housing.mt.gov/content/CP/docs/CPDocsAndRpts/CP10HNA.pdf**

Entities eligible to access the state's HOME Program include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), community housing development organizations (CHDOs) certified by MDOC, and Montana public housing authorities (PHAs). HOME entitlement cities (currently Billings, Great Falls and Missoula) receive HOME funds directly from HUD and process HOME applications for projects within their city limits. Entitlement cities and the CHDOs and PHAs operating within their boundaries are generally not eligible to access MDOC HOME funds.

The HOME Program expects to receive $4,726,656[13] in FFY 2011 funds, which will be distributed through competitive and noncompetitive processes.

Estimated 2011 Annual Allocation	
2011 ESTIMATED Annual Allocation	**$ 4,726,656.00**
Less: 10% for MDOC operations	$ 472,665.60
Balance	**$ 4,253,990.40**
Competitive Grants	
15% (minimum) for CHDO set aside (competitive)	$ 708,998.40
Other competitive grants	$ 1,863,325.00
Noncompetitive Grants:	
Single Family Allocation Program	$ 1,181,664.00
TBRA Deposit Pilot Program	$ 500,000.00
NOTE: Does not include any carryover from previous years	

Competitive Application Process

The HOME Program, through a process of application and competitive ranking, will commit project funds in the second calendar quarter of 2011, with applications due February 11, 2011. This timing allows grantees to take advantage of the 2011 construction season and allows for better coordination with projects that involve Low Income Housing Tax Credits.

The maximum request for a HOME project is $750,000 (including soft costs) for rental rehabilitation and new construction, subject to the "Fair Share Test" and "Subsidy Limit Test", as outlined in the HOME program's application guidelines. Grantees cannot use program Income, recaptured funds, and/or CHDO proceeds to increase the HOME grant beyond the $750,000 ceiling.

Administering homeowner rehabilitation programs in small, rural communities can be difficult. In order to take advantage of economies of scale, eligible entities will have the option of either submitting a competitive application or becoming qualified under the Single Family Noncompetitive Program, but not both, to conduct homeowner rehabilitation activities, If a eligible entity wants to apply for a competitive grant for

13 Estimate based on FFY 2009 HUD allocation; FFY 2010 allocation unknown at time of Plan submission

homeowner rehabilitation, the entity will need to pre-identify up-front a group of homeowners/homes that would qualify for rehab. The entity would be able to procure services of professionals, such an architect or engineer licensed and qualified to work in Montana, lead-based paint clearance inspectors, appraisers, etc., to complete the rehab activities in a specific area. The maximum request for a competitive homeowner rehabilitation project is $750,000, including soft costs.

CHDOs receive a minimum 15% (estimated at $708,998) set-aside of each fiscal year allocation to perform ownership, sponsorship, and development of housing activities. Generally, the entitlement cities and the CHDOs and PHAs operating within their boundaries are normally not eligible to apply for MDOC HOME funds unless a second round of competition is proposed.

If the HOME Program does not receive a sufficient number of applications to fully award its 2011 competitive funds, a second round of competition will be held and the competition will be opened up to the entitlement cities and the CHDOs and PHAs operating within their boundaries.

Application Selection Criteria

Grantees (including all entities of a joint application) currently administering a HOME grant are eligible to apply for an additional HOME grant if:

- The grantee is in compliance with the project implementation schedule contained in its HOME contract with MDOC; and
- There are no unresolved audit, monitoring, or performance findings for any previous HOME grant award to the applicant; and
- Grantees with open grants must meet the spend down requirements before applying for additional funds:
    - One-year-old grants (FFY 2011) must have 50% of the project funds drawn down by February 11, 2011
    - Two years old (FFY 2010) must have 75% of the project funds drawn down
    - Grants three years (FFY 2009) and older must be completed and conditionally closed out

All projects under consideration for a HOME grant award are evaluated using the following criteria:

Financial Management	200 points
Program Management	200 points
Project Planning and Need	100 points
Capacity Determination	100 points
Total points possible	**600 points**

Applications must meet the Minimum Threshold Requirements outlined in the application guidelines and receive at least 100 out of 200 points for the Financial Management criterion in order to be ranked.

In addition, a possible **50 bonus points** are available for innovative design in energy efficiency and green building.

Applications for funding must receive at least a total 300 points and receive at least 100 Financial Management Points in order to be eligible for funding. Bonus points cannot be used to bring an application receiving less than 300 points up to a fundable level.

Specific guidelines that relate to the HOME Program competitive application process may be obtained by contacting the HOME Program or by going to the program's website at **http://housing.mt.gov/HM/hmguidelines.mcpx**.

Noncompetitive Application Processes

Single Family Noncompetitive Program

In 2006, the HOME Program instituted a pilot program for HOME-assisted homebuyer assistance (HBA) and homeowner-occupied rehabilitation (HR) activities. The goals of the program include improving the equitable distribution of HOME funds throughout the state for single family activities, using this limited resource of funds in a more strategic, noncompetitive manner, and reducing the expenses related to preparing an application to the HOME Program. After the pilot period was completed, MDOC evaluated the effectiveness of the program and implemented it on an ongoing basis. The program continues to grow and is very effective with recaptured funds being utilized to fund new homebuyers.

For grantees interested in conducting homebuyer assistance and homeowner rehabilitation programs, there is no deadline, no application, and no scoring. Instead, cities, towns, counties, and CHDOs must submit a qualification package that, at a minimum, includes:

- A management plan that follows the template for the Single Family Noncompetitive Program for Homebuyer Assistance or for Homeowner Rehabilitation
- An environmental review for every county within which the qualified entity intends to operate. Each county must designate an Environmental Preparer and, in the case of a local government, a Certifying Official.
- Procedures for complying with lead based paint requirements.
- A public outreach plan for the entity's entire jurisdiction. For entities conducting homebuyer programs, the plan must include outreach to those living in public housing and manufactured housing.
- Evidence of public support from city and/or county officials within the entity's service area.
- Procedures to meet federal requirements related to RESPA and the SAFE Act.

An eligible entity that wants to access the Single Family Noncompetitive Program to conduct homeowner rehabilitation activities must meet all requirements outlined in the Qualification Package. As part of those requirements, the entity will need to demonstrate that it has access to an architect or engineer licensed and qualified to work in Montana, either on staff or under contract, to identify code deficiencies before rehab activities on begins and to certify the code deficiencies are corrected after the rehab is complete.

HOME Program staff reviews the package within 60 days of receipt. Once an entity is approved as a Qualified Entity, it enters into a contract with MDOC and begins conducting its single-family program. A recertification process is required every two years.

The HOME Program allocates the funds to four districts of counties by using a formula based on county population, age of housing, and a factor reflecting the commitment of the prior two years' funds in the district. Funds are reserved for use in each District for six (6) months, which begins once MDOC receives its annual allocation from HUD, or on January 1, whichever comes first. Once an entity is qualified, it can access the funds reserved for the District in which it operates. At the end of the six-month period or on January 1, uncommitted funds will become available to any qualified entity on a statewide, first-come first-serve basis for an additional six months. At the end of the six-month period, any uncommitted funds are reallocated to the next **competitive grant application pool**.

For the 2011 program year, the single family set-aside is estimated at $1,178,824, plus an undetermined amount of recaptured funds and program income.

For HBA projects, a qualified entity may reserve funds for up to 120 days for existing homes and 180 days for homes under construction. Draw requests, including applicable back-up documentation, must be submitted to the HOME program within four (4) weeks of the loan closing. Additionally, the HOME program would prefer the activity set-up report, and applicable back-up documentation, as outlined in Exhibit 3A-1 of the HOME Administration Manual, be submitted to the HOME Program well before the loan closing to ensure the activity is eligible.

Funds may be reserved for up to 180 days for HR projects. The HOME Program requires that homeowner rehab projects be submitted for review before the Qualified Entity commits to a rehab activity to ensure the activity meets HOME requirements. The documentation that must be submitted is outlined in Exhibit 3A-3 of the HOME Administration Manual.

The HOME Program reserves funds for a specific homebuyer or homeowner once an entity submits a completed Set-up Report. Upon receiving the Set-up Report, the HOME Program commits funds from the applicable district's pool of funds for the specific homebuyer or homeowner. Entities then have 120/180 days to draw funds, complete the transaction, and submit a completion report. The 120/180-day deadline is to prevent entities from reserving funds before the funds are actually needed. These deadlines are from the time a participant has been identified and qualified to participate in the program and the Set-up Report has been completed, funds have been drawn, the transaction is completed and the completion report has been submitted.

New for program year 2011, the HOME Program will implement, on a trial basis, a limited reservation system as follows: When uncommitted funds in any given district fall below 25% of the total funds originally available in the district, the HOME Program will accept reservations from that district. Reservations would be accepted on a first-come first serve basis from any district(s) with uncommitted funds of less than 25%.

Beginning April 1, 2011, homebuyers receiving HOME funds for down payment assistance will be required to use a Montana Board of Housing (MBOH) loan for their permanent mortgage. Exception to this requirement will be granted on a case-by-case basis for programs like Habitat for Humanity, Mutual Self Help, etc.

There is a 5% match requirement for <u>each</u> individual homebuyer or homeowner assisted. Beginning April 1, 2011, homebuyers receiving HOME funds for down payment assistance will be required to use a Montana Board of Housing (MBOH) regular bond or set-aside loan for their permanent mortgage. Exceptions to this requirement will be granted. Programs such as Habitat for Humanity, RD Mutual Self Help, RD 502 Direct Loans, and other similar loans will be placed on an "exception list" and will be eligible on an ongoing basis.

- 25% of the face value of a Montana Board of Housing loan. (Use of an MBOH loan for permanent financing maximizes the match generated for the overall program.)
- Sweat Equity
- Volunteer Labor or Services
- Federal Home Loan Bank Home $tart Funds
- Individual Development Accounts (IDA)

  NOTE: MBOH loans typically come with FHA, VA, or RD mortgage insurance or guarantees. First mortgage loans funded by MBOH are eligible as match, as noted above. First mortgages from any federal funding source, such as RD, are **<u>NOT</u>** an eligible source of match**,** and other sources of eligible matching contributions will need to be identified. Non-MBOH loans guaranteed by FHA, VA, or RD do not count as match.

Sweat equity and volunteer labor or services must be documented. Documentation must include a document signed by the donating party stating the number of hours worked, the dates worked, the dollar value of services provided. Unskilled and voluntary labor is valued at $10 per hour. Skilled labor and professional services are valued at normal fees charged. See **<u>Exhibit 4-Q</u>**, Volunteer Certification Form, <u>Chapter 4</u>, <u>HOME Grant Administration Manual</u>, to document volunteer labor and homeowner sweat equity.

The reasoning behind this change is HUD requires a 25% overall match for HOME funds. MDOC's currently requires only a 5% match because grantees have provided more than the required amount of match, and MDOC has been able to "bank" that excess to reduce the overall match requirement. However, the pool of banked match is shrinking. MBOH loans provide significantly more match dollars for each household assisted than most other sources. This has helped the overall program by keeping the match requirement lower than what it would otherwise be.

Entities may collect “administration” costs as soft costs. All soft costs must be actual, documented costs directly related to providing HOME funds for the assisted household. Soft costs cannot be reimbursed for households that ultimately do not receive HOME assistance.

For homebuyer assistance activities, the Qualified Entity may be reimbursed for up to $1,500 in actual, documented soft costs related to providing HOME assistance to a homebuyer.

For homeowner rehabilitation activities, soft costs will be limited to twelve percent (12%) of the rehabilitation construction costs per unit for each for each homeowner assisted. In addition, the Qualified Entity may be reimbursed for the actual documented costs of code inspections and lead-based paint inspections, testing and clearance for each unit that receives HOME assistance. Additional soft cost may not be calculated on the cost of such inspections.

Additional information on the Single Family Noncompetitive Program, including information on how an entity can become qualified for the program may be obtained on the website at **http://housing.mt.gov/HM/hmsfnp.mcpx**.

Tenant Based Rental Assistance Deposit Assistance Pilot Program

For program year 2010 and 2011, the HOME Program is limiting eligible activities under Tenant Based Rental Assistance (TBRA) to providing one-time security deposits to qualified voucher-assisted tenant base section 8 tenants under a two-year pilot project. The HOME program will set aside $500,000 in 2010 and 2011 for public housing authorities (PHAs) to access on a first-come first-serve, noncompetitive basis. PHAs operating in entitlement cities generally would not qualify to participate. However, PHAs administering vouchers for MDOC could access the TBRA funds for those voucher holders.

With the increased demand on the rental market, low-income voucher holders are unable to lease a unit. The result is the vouchers are expiring before the family can lease up and the applicant must reapply to the wait list. In most locations around Montana, the family will not be eligible for a new voucher for up to two and half years.

American Dream Down payment Initiative Funds

ADDI funds were not included in HUD’s FFY 2010 budget and are not expected to be included in the FFY 2011 budget. When ADDI funds were available, MDOC granted the three entitlement cities of Billings, Great Falls, and Missoula a portion of the American Dream Down payment Initiative (ADDI) funds the state received. Although the ADDI program is no longer available, the three entitlement cities are beginning to recapture some of the ADDI funds initially invested in homes that are now being resold. If an entitlement city wishes to retain those recaptured ADDI funds to use on future homebuyer activities, rather than returning those funds to MDOC, the city will be allowed to complete a management plan, in the format acceptable to and subject to approval by MDOC; execute a contract with MDOC; and follow policies adopted by MDOC as well as the ADII regulations found in 24 CFR Subpart M – American Dream Down payment Initiative. Any entitlement city that elects to participate in reuse of ADDI funds can continue to do so as long as there is a valid contract between it and MDOC. Once a valid contract no longer exists, the recaptured ADDI funds would need to be returned to MDOC.

Program Income and Recaptured Funds

The HOME Program expects that an undetermined amount of program income[14] and recaptured funds[15] will be generated from previously awarded grants. HOME grantees may be allowed to retain any program income and/or recaptured funds generated and use the funds for HOME-eligible activities subject to the following requirements.

- Grantees with open grants must use any program income and/or recaptured funds for the open grant before requesting additional funds from the HOME Program. For example, if a Grantee has an a current, open multi-family HOME grant, the Grantee must use its program income and/or recaptured funds generated from a homebuyer activity before requesting additional funds from the HOME Program).
- Previous HOME Grantees that do not have an open grant can either chose to return the program income and/or recaptured funds to the MDOC or to become qualified under the Single Family Noncompetitive Program.

   a. The Grantee can return accumulated and future program income and/or recaptured funds to MDOC. MDOC will use the funds returned from homeowner and homebuyer activities for further homeowner and homebuyer activities throughout the state through the Single Family Noncompetitive Program; funds generated from competitive activities will be reallocated through the competitive pool of funds.

   b. The Grantee must be or must become a qualified entity for the Single Family Noncompetitive Program to use accumulated and future program income and/or recaptured funds for homeowner or homebuyer activities. If the Grantee is not currently a Qualified Entity and it has not communicated its intent to become a Qualified Entity, it must communicate that intent to MDOC and begin the qualification process.

   c. In certain limited circumstances, some Grantees may request this one time only to use its program income and/or recaptured funds on a specific HOME-eligible activity it has identified. The Grantee must demonstrate that the pot of funds it

[14] **Program income** is the gross income received which is directly generated from the use of HOME funds, including HOME program income (24 CFR 92.2).

[15] **Recaptured funds** are HOME funds that are recouped when HOME assisted homeownership housing does not continue to be the principal residence of the assisted homebuyer for the full affordability period required by 24 CFR 92.254(a)(4). Recaptured funds represent a return of the original HOME investment.

has on hand, plus other committed funds, is sufficient to complete the project. The Grantee must submit an application package no later than December 31, 2010, which meets the requirements found in the 2010 HOME Application Guidelines, to the HOME Program for evaluation and approval. If the HOME Program approves the package, the Grantee will have 24 months from the date of approval to complete the proposed activity.

EMERGENCY SHELTER GRANT PROGRAM

Emergency Shelter Grants, administered by the MDPHHS Intergovernmental Human Services Bureau, help improve the quality of existing emergency shelters for the homeless, make additional shelters available, meet the costs of operating shelters, and provide essential social services to help prevent homelessness. The 10 regional Human Resource Development Councils receive 95% of the grant funds. (See table on page 57.) The MDPHHS retains the remaining 5% for administrative costs. The grants fund the renovation, rehabilitation, or operating costs of homeless shelters, and provide follow-up and long-term services to help homeless persons escape poverty. The regional HRDCs determine which shelters are assisted and the services delivered.

Montana's ESG Program distributes funds to each HRDC based upon a formula allocation contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the Community Services Block Grant. The amount of funds allocated is based on poverty levels and general population in each service area, relative to the poverty and general population of the entire state. All HRDCs will submit work plans, budgets, and reports outlining which of the allowable activities will be undertaken.

VI. ALLOCATION PRIORITIES AND GEOGRAPHIC DISTRIBUTION OF FUNDS

Montana is the fourth largest state, encompassing more than 145,000 square miles (see area comparison map Appendix C, page C-2); 607 square miles more than Maine, South Carolina, West Virginia, Maryland, Hawaii, Massachusetts, Vermont, New Hampshire, and Delaware <u>combined</u>. Coupled with the declining population in the eastern part of the state and the significant increase in the western part of the state[16], housing and community development needs vary widely across the state. The extreme diversity in the available infrastructure and housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs.

Developed from local input across the state, the priority needs outlined in the 2010-2015 Consolidated Plan[17] address a variety of needs for affordable housing, and community and economic development. The plan represents a wide array of needs; while one community may need rental housing production at a particular site, another community

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[16] *Economic and Demographic Analysis of Montana, Volume II Demographic Analysis*, Montana Department of Commerce, December 2007; **http://housing.mt.gov/content/CP/docs/CPDocsAndRpts/CP08EDVol2.pdf**

[17] Available at: **http://housing.mt.gov/CP/cpdocuments.mcpx**

may need homeowner rehabilitation over scattered sites. For the state to address its community needs, the three formula grant programs need a level of flexibility for eligible activities to be undertaken.

The limited availability of resources and the extent of community development and housing needs requires each of the three formula grant programs to develop its own methods to address priority needs and geographic distribution. More importantly, the state firmly believes that **it is up to each locality, through detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need.** The state reserves the right to make a determination of local need based on local analyses, studies, and needs assessments, which may override the state's priority level for any given activity identified in the Consolidated Plan.

GEOGRAPHIC DISTRIBUTION

The geographic distribution for each formula grant program will be different due to the diversity of each program and the federal regulations governing them. The state does not target any specific area of Montana, including areas of low-income and minority concentration.

Following is a summary of each program's geographic distribution system.

Community Development Block Grant Program

Montana's general-purpose local governments (126 towns and cities under 50,000 in population and 56 counties) are eligible applicants for CDBG funds (see map of incorporated places per county, Appendix C, page C-1.) Montana's three entitlement cities, Billings, Great Falls, and Missoula (cities over 50,000 in population) are not eligible to apply for State CDBG funding since they receive their own CDBG funds directly from HUD.

Housing and Neighborhood Renewal and Public Facility Categories

Fund distribution for the CDBG **housing and neighborhood renewal** and the **public facility** categories is based on annual grant competitions. The maximum grant request in each category is $450,000. Existing grantees must significantly drawdown their prior award(s) before they are eligible to apply for additional program funds. Each local government may apply for one housing and neighborhood renewal project and one public facility project and one planning grant each program year (related to either public facilities or housing) each program year.

Due to funding cuts to the CDBG program in prior years, the program was not able to fully fund some of the higher-scoring public facility projects. Beginning with plan year 2008 housing and public facility competitions, applicants who were partially funded in the previous grant competition are able to apply one time for the remaining unfunded CDBG grant balance in the next successive grant application cycle. The total funds awarded cannot exceed the original grant request. If successful, funding for the project would then come from two successive CDBG plan years. If unsuccessful, the partially funded grant recipient would have to meet the standard project start-up requirements.

Grant awards for CDBG **public facility** FFY 2010 funds were announced on May 4, 2010. (See the following table.)

FFY 2011 CDBG Public Facilities Competition
Application Deadline: May 22, 2010

					Community Information (Proposed)		
Applicant	**Type of Project**	**CDBG Funds Requested**	**CDBG Funds Awarded**	**Est'd Total Project Cost**	**Population Served**	**# of Hseholds**	**Benefit to LMI Hseholds**
Town of Broadview	Water system improvements	$ 450,000	$450,000	$1,224,000	150	64	55.4%
City of Conrad	Center for community, senior center, & health services	$ 450,000	$450,000	$987,333	6,240	2,410	73.0%
Lewis & Clark County, on behalf of Rocky Mountain Development Council	Acquisition of building for center for persons with chronic mental illness; LIEAP & LIWAP	$ 450,000	$450,000	$926,032	60,925	7,397; 7,089 LMI households	95.9%
Liberty County	Senior Citizens Center (Chester)	$ 450,000	$450,000	$606,954	2,158	829	71.1%
Ravalli County	Pantry Partners Food Bank (Stevensville)	$ 450,000	$450,000	$581,024	County: 1,914 Stevensville 901 Victor: 859	572	97.6%
City of Red Lodge	Renovation/ expansion of Boys/Girls Club	$ 450,000	$450,000	$1,094,000	300	111	61.0%
Town of Superior	Emergency services facility	$ 346,500	$346,500	$1,305,879	2,450	883	53.0%
Yellowstone County for Lockwood W&S District	Sanitary sewer collection system improvements	$ 450,000	$211,795	$ 20,704,600	5,983	Total project: 2,454 LMI: 90-95	100.0%
Subtotal		**$3,496,500**	**$3,258,295**				
Estimated FFY 2010 CDBG Funds Available[18]			**$3,661,430**				

Grant awards for CDBG housing and neighborhood renewal FFY 2010 funds were also announced on May 4, 2010 (see the following table).

FFY 2010 CDBG Housing and Neighborhood Renewal Competition – Funded Projects

					Community Information (Proposed)		
Applicant	**Type of Project**	**CDBG Funds Requested**	**CDBG Funds Awarded**	**Est'd Total Project Cost**	**Population Served**	**# of Hseholds**	**% Benefit to LMI Hseholds**
Butte-Silver Bow County	New construction of 48-unit apartment complex for the elderly in Butte	$ 450,000	$450,000	$6,714,311	47	47	100%
Sanders County	Renovate two duplexes in Plains	$450,000	$450,000	$695,666	12-est	4	96%

18 FFY 2010 allocation unknown at time of Plan submission

Applicant	Type of Project	CDBG Funds Requested	CDBG Funds Awarded	Est'd Total Project Cost	Community Information (Proposed) Population Served	# of Hseholds	% Benefit to LMI Hseholds
	Subtotal:	**$900,000**	$900,000	$7,409,977	59	51	**96%**
	Estimated FFY 2010 CDBG Funds Available:[19]		$915,357				

The Community Development Division distributes the **planning grant** funds through a competitive application process. The maximum planning grant ceiling is $20,000 for the plan year. Applications for the FFY 2010 planning grant funds were accepted April 16, 2010 and were awarded August 30, 2010, as follows:

FFY 2010 CDBG Planning Grant Competition for Housing and Public Facilities – Funded Projects

Applicant	Type of Project	CDBG Funds Requested	CDBG Funds Awarded	Est'd Total Project Cost
Butte-Silver Bow County	PAR for Emergency Operations Center	$ 20,000	$ 20,000	$ 25,000
City of Choteau	Update zoning ordinance	$ 10,000	$ 10,000	$ 20,000
Town of Culbertson	Update Growth Policy and CIP	$ 20,000	$ 20,000	$ 50,000
Town of Ekalaka	PER for water and wastewater systems	$ 20,000	$ 20,000	$ 20,000
Town of Fairview	CIP	$ 5,000	$ 5,000	$ 10,000
City of Glendive	U.S. Army Corps of Engineers Economic Land Use and Hydrologic Study	$ 20,000	$ 20,000	$ 800,000
Hill County	PAR and Energy Audit for Havre Eagles Manor	$ 20,000	$ 20,000	$ 40,000
City of Kalispell	Update Growth Policy	$ 20,000	$ 20,000	$ 40,000
Lake County	CIP for transportation, road equipment, parks, rec, and open space	$ 20,000	$ 20,000	$ 40,000
Lincoln County	Planning for Senior Community Center	$ 16,000	$ 16,000	$ 44,000
Park County	CIP	$ 20,000	$ 14,000	$ 40,000
Ravalli County	Strategic Plan of Operations for County	$ 20,000	$ 20,000	$ 50,715
Rosebud County	Prepare Growth Policy	$ 20,000	$ 20,000	$ 40,000
Sidney	Develop digital zoning map	$ 5,000	$ 5,000	$ 10,000
Whitefish	5 yr plan for creation of rentals for LMI and Very Low Income	$ 20,000	$ 20,000	$ 40,500
Subtotal		**$256,000**	**$250,000**	

KEY: CIP = Capital Improvements Plan
LMI = Low and Moderate Income
PAR= Preliminary Architectural Report PER = Preliminary Engineering Report

[19] FFY 2010 allocation unknown at time of Plan submission

Economic Development Category

The **economic development** component of the CDBG Program, which receives 30% but not to exceed 40% of the annual allocation to the state of Montana, accepts applications on a continuous cycle until all funds are committed. Since the state distributes economic development funds through a first-come, first serve process throughout the year, it cannot predict the ultimate geographic distribution of the assistance.

CDBG Grant Application Deadlines

FFY 2011 CDBG Grant Application Deadlines	
Public Facilities Grants – Application Deadline for FFY 2011 Funds Grant Announcement	05/21/2010 5/2011**
Housing & Neighborhood Renewal Grants Grant Announcement	11/12/2010 5/2011**
Planning Grants-Housing & Neighborhood Renewal and Public Facilities Grant Announcement	4/15/2011 7/2011
Economic Development Grants	Open Cycle
FFY 2012 CDBG Grant Application Deadlines	
Public Facilities Grants Grant Announcement	05/20/2011 5/2012**
Housing & Neighborhood Renewal Grants Grant Announcement	11/14/2011 5/2012**
Planning Grants-Housing & Neighborhood Renewal and Public Facilities Grant Announcement	04/13/2012 07/2012
Economic Development Grants	Open Cycle
** Date tentative for announcement of awards pending approval of final FFY2011 and 2012 allocations and announcement of Montana CDBG funding levels	

Home Investment Partnerships Program

Eligible applicants to Montana's HOME Program include general-purpose local governments (counties, incorporated cities and towns, and consolidated city-county governments), CHDOs certified by MDOC, and Montana public housing authorities. The cities of Billings, Great Falls, and Missoula, and the CHDOs and PHAs operating within their boundaries, generally are not eligible to apply.

Competitive Grants

Approximately 55% of the HOME Program's annual funding is allocated to competitive grants. During the initial grant competition, the cities of Billings, Great Falls, and Missoula, and the CHDOs and PHAs operating within their boundaries, are not eligible to apply since those cities receive a direct allocation of HOME funds from HUD. If any HOME funds are not awarded due to insufficient applications meeting the minimum funding threshold, the remaining funds may be awarded through a second round of competition. If a second round of competition is held, it is open to all local governments (including Billings, Great Falls, and Missoula), CHDOs, and PHAs within the state.

Competitive grant applications for FFY 2011 funds are due on February 11, 2011, with funding announcements expected approximately two to three months later; therefore, the state cannot predict the ultimate geographic distribution of the 2011 grant funds.

Noncompetitive Grants

The remainder of HOME Program's annual funding is allocated noncompetitively through the Single Family Noncompetitive Program (SFNP) and the TBRA Deposit Assistance Pilot Program.

The SFNP is an allocation of HOME funds for **homebuyer assistance** and **homeowner rehabilitation** activities throughout the state. The funds are distributed by formula among four districts of the state. However, the final geographic distribution of the funds is not certain since funds within any given district may not be fully committed and any uncommitted FFY 2011 funds remaining within a given district after the initial reservation period (six months, or by January 1, whichever comes first) can be accessed by any qualified entity within the state on a first-come, first-serve basis for an additional six months. Any funds uncommitted after the 6-month period will be added to the pool for the next round of competitive applications.

ESTIMATED 2011 Single Family Noncompetitive Program Allocation

District	Geographic Area (Counties)	Estimated Funds Available
1	**Montana (all counties)**	
2	Blaine, Carter, Custer, Daniels, Dawson, Fallon, Garfield, Hill, Liberty, McCone, Phillips, Powder River, Prairie, Richland, Roosevelt, Rosebud, Sheridan, Treasure, Valley, & Wibaux	$ 173,377
3	Big Horn, Carbon, Cascade (excluding City of Great Falls), Chouteau, Fergus, Glacier, Golden Valley, Judith Basin, Musselshell, Petroleum, Pondera, Stillwater, Sweet Grass, Teton, Toole, Wheatland, & Yellowstone (excluding City of Billings)	$ 284,206
4	Broadwater, Jefferson, Lewis and Clark, Gallatin, Meagher, Park, Flathead, Lake, Lincoln, & Sanders	$ 460,435
5	Mineral, Missoula (excluding City of Missoula), Ravalli, Beaverhead, Deer Lodge, Granite, Madison, Powell, & Silver Bow	$ 263,645
Total Estimated FFY 2011 Funds Available		**$1,181,663**

Funds totaling $500,000 is available under the TBRA Deposit Assistance Pilot Program, which provides one-time security deposits to qualified voucher-assisted tenant base section 8 tenants around the state. The funds are distributed through PHAs statewide on a first-come, first-serve basis; therefore, the state cannot predict the ultimate geographic distribution of the 2011 grant funds.

Emergency Shelter Grant Program

Ninety-five percent of the ESG funds received will be allocated to the 10 regional Human Resource Development Councils in Montana (see the following table and the map in Appendix C, page C-1). Funds are distributed based on a formula allocation, reflecting areas of poverty and general population, contained in Administrative Rules of Montana, ARM 53-10-502, pertaining to the Community Services Block Grant.

ESTIMATED[20] Geographic Distribution -- ESG Program

HRDC District	Allocation		Counties Served
	%	$	
DIST I, II, III (AEM)	10.06%	$ 38,335	Carter, Custer, Daniels, Dawson, Fallon, Garfield, McCone, Phillips, Powder River, Prairie, Richland, Roosevelt, Rosebud, Sheridan, Treasure, Valley, Wibaux
DIST IV	3.52%	$ 13,428	Blaine, Hill, Liberty
DIST V (Opp., Inc.)	13.63%	$ 51,919	Cascade, Chouteau, Glacier
DIST VI	2.78%	$10,602	Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, Wheatland
DIST VII	16.82%	$ 64,098	Big Horn, Carbon, Stillwater, Sweet Grass, Yellowstone
DIST VIII (RMDC)	6.73%	$ 25,657	Broadwater, Jefferson, Lewis & Clark
DIST IX	8.81%	$ 33,563	Gallatin, Meagher, Park
DIST X (CAP)	14.86%	$ 56,612	Flathead, Lake, Lincoln, Sanders
DIST XI	15.01%	$ 57,180	Mineral, Missoula, Ravalli
DIST XII	7.76%	$ 29,577	Beaverhead, Deer Lodge, Granite, Madison, Powell, Silver Bow
Total	**100.00%**	**$380,971**	

MAPS

See Appendix C for maps.

VII. ANNUAL AFFORDABLE HOUSING GOALS

STATE TABLE 3B
ANNUAL HOUSING COMPLETION GOALS

	Annual Number Expected Units To Be Completed	Resources used during the period		
		CDBG	HOME	ESG
ANNUAL AFFORDABLE RENTAL HOUSING GOALS (SEC. 315)				
Acquisition of existing units	0	☒	☒	
Production of new units	30	☒	☒	
Rehabilitation of existing units	60	☒	☒	☐
Rental Assistance	100	☐	☒	
Total Sec. 215 Affordable Rental	**190**	☒	☒	☐
ANNUAL AFFORDABLE OWNER HOUSING GOALS (SEC. 315)				
Acquisition of existing units		☐	☐	
Production of new units		☐	☐	
Rehabilitation of existing units	40	☒	☒	
Homebuyer Assistance	80	☒	☒	
Total Sec. 215 Affordable Owner	**120**	☒	☒	☐
ANNUAL AFFORDABLE HOUSING GOALS (SEC. 315)				
Acquisition of existing units	0	☒	☒	
Production of new units	30	☒	☒	
Rehabilitation of existing units	100	☒	☒	☐
Homebuyer/Rental Assistance	180	☒	☒	
Total Sec. 215 Affordable Housing	**310**	☒	☒	☐

[20] Estimate based on FFY 2010 HUD allocation; FFY 2011 allocation unknown at time of Plan submission

	Annual Number Expected Units To Be Completed	Resources used during the period		
		CDBG	HOME	ESG
ANNUAL AFFORDABLE HOUSING GOALS (SEC. 315)				
Homeless households	7,000	☐	☐	☒
Non-homeless households	80	☒	☒	☒
Special needs households	275	☒	☒	☒
ANNUAL HOUSING GOALS				
Annual Rental Housing Goal	190	☒	☒	☐
Annual Owner Housing Goal	120	☒	☒	☐
TOTAL ANNUAL HOUSING GOAL	**310**	☒	☒	☐

The state cannot accurately predict the number of homeless, non-homeless, and special needs households that will be provided housing using the funds made available to the state; nor can the state predict the number of households to be provided affordable housing through activities that provide rental assistance, produce new units, rehabilitate existing units, or acquire existing units using the funds made available to the state. As previously stated, Montana is a vast state and housing and community development needs vary widely across the state. The extreme diversity in the available infrastructure and housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. The state firmly believes that **it is up to each locality, through detailed local analyses, studies and needs assessments, to determine its own area(s) of highest need.**

Furthermore, the application for HOME and CDBG grant housing funds is done largely on a competitive basis or a first-come, first-serve basis. The state cannot predict the number of applications it will receive, what activities will be funded, or how many or what types of households will be served. The state cannot accurately predict the number of, and distribution of, grant assistance among specific goals.

For the purposes of completing Table 3B, the specific number of households, units, etc., expected to be assisted each program year is based on the historic number completed in previous years, which may or may not be an accurate reflection of future completions.

VIII. HOMELESS AND OTHER SPECIAL NEEDS POPULATIONS

HOMELESSNESS

Montana Continuum of Care

The MT CoC's mission is to maximize the resources focused on overcoming homelessness, to collectively direct the most efficient use of limited resources, and to promote a coordinated system of outreach, referral, information sharing, planning, and service. MT CoC participants are responsible for leveraging each other's resources and for providing increased and coordinated services to homeless across the state.

Participation in the statewide coalition is open to anyone interested and new members are continually encouraged and recruited. Participants include representatives from local and state government, public housing authorities, regional HRDCs, and other nonprofit organizations representing the homeless, housing and service providers, emergency shelters, domestic abuse shelters, veterans' organizations, and mental health centers.

The MT CoC prioritizes and ranks homeless projects each year and prepares a consolidated, statewide continuum of care application in response to the Notice of Funding Availability (NOFA). Projects originate from local community continuums of care or a state agency. Project approvals are based upon performance and capacity criteria as well as local needs and HUD priorities.

To meet the opportunities and challenges of the new HEARTH Act, the MT CoC will undergo significant structural, policy and procedural changes in 2011. In addition to continuing to fulfill historic roles, the HEARTH Act requires CoCs to assume greater responsibilities in planning and implementing efforts that will eradicate homelessness, including:

- Coordinate and prepare a statewide CoC grant application package (currently brings over $2.2 million to state homeless projects)
- Conduct an annual statewide homeless survey and housing inventory
- Ongoing implementation and expansion of the Homeless Management Information System (HMIS)
- Participate in the efforts to further the goals of the 10-Year Plan to End Chronic Homelessness and address homelessness overall, created and adopted by the Montana Council on Homelessness
- Increase participation in annual update of the state Consolidated Plan
- Inventory all state discharge policies and practices, incorporate key agency personnel in CoC planning activities and promote adoption of best practices
- Expand the scope of homelessness to reflect a new definition that includes imminently homeless as well as persons living in overcrowded conditions or substandard housing
- Develop new and collaborative strategies that address prevention and rapid re-housing, especially for families, through incorporation of the new Emergency Solutions Grant and transition planning for the ARRA era Homeless Prevention and Rapid Re-housing Program
- Continue to create permanent supportive housing for individuals with disabilities, especially the chronically homeless which will now include families
- Re-organize and expand the organizational capacity of the MT CoC to meet the increasing responsibilities of CoC Collaborative Applicants and Unified Funding Agencies

- Implement systems and practices rooted in performance based outcomes, including reliable data systems and effective monitoring and assessment activities.

2010 Continuum of Care: Homeless Population and Subpopulations Chart
Point in Time Summary for MT – 500 – Montana Statewide CoC
Date of PIT Count 1/28/2010
Population: Sheltered and Unsheltered Count

Persons in Households with at least one Adult and one Child					
	Sheltered				
	Emergency	Transitional		Unsheltered	Total
Number of Households	98	103		37	**238**
Number of persons (Adults & Children)	304	302		119	**725**
Persons in Households without Children					
	Sheltered				
	Emergency	Transitional	Safe Haven	Unsheltered	Total
Number of Households	342	184	0	288	**814**
Number of Persons (Adults)	361	187	0	323	**871**
Persons in Households with only Children					
	Sheltered				
	Emergency	Transitional	Safe Haven	Unsheltered	Total
Number of Households	9	5	0	5	**19**
Number of Persons (Age 17 or under)	9	5	0	5	**19**

Total Households and Persons					
	Sheltered				
	Emergency	Transitional	Safe Haven	Unsheltered	Total
Total Households	449	292	0	330	**1,071**
Total Persons	674	494	0	447	**1,615**

Chronically Homeless Subpopulations				
	Sheltered			
	Chronically homeless persons in emergency	Chronically homeless persons in safe havens	Unsheltered	Total
Chronically Homeless	96	0	49	**145**

Homeless Subpopulations			
	Sheltered		
	Persons in emergency shelters, transitional housing and safe havens	Unsheltered	Total
Severely Mentally Ill	182	55	**237**
Chronic Substance Abuse	232	61	**293**
Veterans	149	106	**255**
Persons with HIV/AIDS	24	18	**42**
Victims of Domestic Violence	83	19	**102**
Unaccompanied Youth (Under 18)	14	5	**19**

Unmet Housing Needs: The following calculations are used to produce totals that generalize unmet statewide need but do not accurately portray regional or local needs. Community-based CoC organizations use similar data to assess their own local needs.

Homeless Continuum of Care: Housing Gap Analysis Chart

		Current Inventory	Under Development	Unmet Need/Gap
Individuals				
Beds	Emergency Shelter	367	6	0
	Transitional Housing	227	0	165
	Permanent Supportive Housing	177	5	203
	Total	**771**	**11**	**368**
Persons in Families With Children				
Beds	Emergency Shelter	289	0	0
	Transitional Housing	331	0	44
	Permanent Supportive Housing	47	0	28
	Total	**667**	**0**	**72**

(Former) Montana Council on Homelessness in response to the growing problem of homelessness in Montana, the Montana Council on Homelessness was originally convened by Executive Order in June 2004. Governor Brian Schweitzer renewed Montana's commitment to ending homelessness through Executive Order 40-2006, signed in December 2006, which restructured the MTCoH and extended it until December 31, 2008.

The work of the Governor's Council on Homelessness, coupled with research and extensive outreach, provided the foundation for Montana's 10-year plan to address homelessness as it exists in Montana, with an emphasis on ending chronic homelessness. Although Governor Schweitzer chose not to reinstate the Montana Council on Homelessness after Executive Order 40-2006, overarching efforts to address homelessness in Montana have not been abandoned. State leaders remain committed to addressing homelessness by furthering the efforts to meet the goals of the 10-Year Plan. The MTCOH Demonstration Project in Billings continues to move ahead with its expensive efforts to address homelessness. To date, these efforts have included Second Chance Homes, housing first apartments, a dedicated VISTA project, a VOA Veterans Transitional Housing project, a very detailed and extensive analysis of local homelessness, including a cost/benefit analysis, social enterprise, and more. This robust effort was the result of some technical assistance by the MTCOH in its first incarnation, coupled with $300,000 in Food Stamp Bonus Funds that were given by DPHHS on the single condition that they be used to address homelessness in the way that made the most sense to Billings.

- State/City Partnerships: The Montana Council on Homelessness (MTCoH), originally comprised of policymakers from state and federal agencies and select community leaders, settled on a state/city partnership approach to addressing homelessness. The Council and its participants agreed that they could offer technical assistance, easy access to policymakers, flexible seed money, staff time and other supports. Billings was selected as the first demonstration city because it had the largest documented community of persons who were homeless and a good service palette. Prior to approaching Billings, the Council Coordinator created Homeless in Billings, a report based partially on data from the Point-in-Time Survey, as a frame of reference on homelessness as it existed in Billings. Leadership, including the Lt. Governor, met with Billings leaders, then convened a series of day-long educational/planning sessions. Each session was attended by approximately 150 people.

- The upshot was the creation of the Billings Mayor's Committee on Homelessness. The Mayor tasked the Community Development Director with providing staff time to the Committee and selected the members from among local leaders and stakeholders. This started and has remained a vibrant committee that includes business leaders, the librarian, nonprofit executives, healthcare professionals, United Way, homeless constituents, representatives of homelessness serving agencies, the housing authority and others. Once the Committee had begun its strategic planning, the State allocated $300,000 in Food Stamp Bonus funds for use in addressing homelessness in ways the Mayor's Committee deemed most effective. A multi-pronged approach was launched over four years that has resulted in initiatives on multiple fronts. These efforts have been supported by the original seed funds, grants, Community Development Block Grant and HOME funds, private donations and additional resources including Congressional earmarks. The results have been nothing short of remarkable: a Housing First project, a 10-year plan, Second Chance homes, a 10-member VISTA project dedicated to addressing homelessness, a cost-benefit analysis detailing the costs of not addressing homelessness, a vigorous Billings Area Resource Network that functions as the City's Continuum of Care, a transitional housing facility for veterans, social enterprises, an Interfaith Hospitality Network, Project Homeless Connect events and more. (There is a robust website detailing the global initiatives in Billings available at: **http://www.ci.billings.mt.us/index.aspx?NID=637**.)

- Montana took the approach that homelessness is a local problem that must be solved locally. The State provided education, advocacy, encouragement and support for local initiatives, but in a frontier/rural state such as ours, there are no one-size-fits-all solutions. In the case of the Billings project, flexible seed money generated the excitement needed to engender significant change. The State served as a valuable partner that brought resources to bear, convened community leaders, offered technical expertise, provided data and information, offered information and access to state and federal resources, and helped make policy changes that smoothed the path for community change. Flexibility is key: no two communities have the same needs, resources, leadership, issues or vision. Though many of the problems that lead to and sustain homelessness are ubiquitous (e.g., lack of living wage jobs, personal vulnerabilities, disease, deep, crisis poverty and loss of institutional support), these factors play out differently across communities. Allowing local flexibility is essential to empowering and supporting communities as they create strategies to address homelessness.

- In support of furthering progress on Montana's 10-Year Plan to address homelessness, technical assistance continues to be provided through assistance from the former MTCoH staff to Helena and elsewhere. Helena is currently in the process of creating a robust response to homelessness. They have formed the

Helena Action Coalition on Homelessness, after holding a city-wide forum in June 2009 on homelessness. The DPHHS sponsored two VISTAs, who have been assigned to work with the group. One of the Action Coalition's projects has been to assist with organizing a local Interfaith Hospitality Network. Through this mechanism, local churches come together to provide housing for homeless families with children. Each church hosts a family for a week, providing safe nighttime shelter, food, a day-time center where people can make phone calls, set up appointments, create resumes, wash clothes and more. Ultimately, this is a good opportunity to create prosocial networks with the intent of ensuring that participants find their way back to permanent homes. This group has applied for its 501(c)(3) status, and is well on its way to opening the doors for the program. This will be the third Interfaith Hospitality Network in Montana - Billings has had one since 2004, and Bozeman formed Family Promise of Gallatin County in 2006. Missoula is also in the process of forming an Interfaith Hospitality Network.

- Several Montana cities now sponsor Stand Downs or Access Fairs (sometimes known as Project Homeless Connect events) for persons who are homeless. The events are designed to raise public awareness , provide a safe one-stop setting where people who are homeless or at high risk of homelessness can access mainstream services, goods and food. These events bring together volunteers with persons experiencing homelessness in a way that reduces fear and stigma. Communities throughout Montana have been extremely supportive of these events, which are encouraged by and supported through technical assistance from the MTDPHHS/Intergovernmental Human Services Bureau. In 2004, there were two such events held in Montana, and both were geared strictly to serving veterans. These were held in Libby and Billings. Now the events are held in many communities.

    - Billings held its 4th annual Project Homeless Connect event in January 2010 and served nearly 600 people. A Stand Down for homeless veterans was also held in May 2010, where about 160 veterans accessed goods and services.

    - Helena held its 6th annual Way Home Stand Down and Access Fair in September 2010, and served about 366 people, up from 250 in 2009.

    - Kalispell held its first Project Homeless Connect event in June 2010, and served at least 169 individuals. They helped access ID, offered food, clothing,

    - Missoula started its Project Homeless Connect events in 2008. They served 150 at their 2009 event, and more in 2010, which was held in January. Missoula offered a wide range of services in addition to access to mainstream social services that included pet services, dental services, bone density scans, help with accessing identification and more.

    - The Northwest Montana Veterans Stand Down, outside Libby, originated in 2000 and is one of the largest in the nation. In 2009, 1,787 veterans attended and received 300+ flu shots, 142 food boxes, and were supported by more than 1,800 volunteer hours.

- According to Anthony Snell, HCHV Coordinator for Veterans Healthcare Montana, there are potentially five new Stand Down sites for 2010, in addition to the six from 2009. New sites include Bozeman, Browning, Glendive, Rocky Boy and Gardiner. In 2009, Billings, Great Falls, Helena, Hamilton, Anaconda and Missoula held Stand Down events, although Helena's was a hybrid Stand Down/Access Fair.

Staff time on a contracted basis has continued to be made available to assist community-level and state efforts in addressing homelessness. Consistent with Goal II: of the 10-year plan, Sherri Downing, formerly staff to the MTCoH, continues to serve as a technical assistance provider for the statewide community in its efforts to build capacity to address homelessness. In this capacity, she has promulgated opportunities and mechanisms that enhance communities' ability to link homeless or at-risk persons with services through such efforts as supporting the growing SOAR initiative, assisting with community Stand Downs and Project Homeless Connect events and participation in the DOC Housing Coordinating Team. Other efforts continue and include a growing SOAR project, many annual SOAR trainings, outreach/education for communities and various groups upon request (at least six times a year), periodic E-news Updates and numerous reports. All of these efforts continue to be underwritten by the Department of Public Health and Human Services. The staff person doing this work has also made a point of attending all available HUD training, including the September 2010 HUD/HEARTH training in Atlanta. A multi-year report on Homelessness in Montana will be released in December 2010, funded by the DPHHS; a multi-year report on Homelessness in Helena was completed in October 2010. An active and growing listserv includes approximately 500 members, all of whom have expressed interest in issues of homelessness.

Montana Coalition for the Homeless (MTCOH)

Subsequent to the Montana Governor’s Council on Homelessness, the *Montana Coalition for the Homeless* has come into being. It has, to date, held two founding meetings – one face-to-face, and one Webinar (thanks to the assistance of the Department of Commerce) and will meet again November 1st to formalize its charter documents. To date, the Board of Directors has been named, the Articles of Incorporation have been drafted and the Bylaws are written. The website, previously underwritten by the DPHHS, has been moved under the umbrella of the Montana Coalition for the Homeless, after the DPHHS contract on the MTCOH domain expired.

Before the end of the year, the Coalition will be submitting its request for 501(c)(3) status. The Montana Coalition for the Homeless will take an approach unique in Montana. The stated purpose of the organization will be “to prevent and end homelessness in Montana.” The initial focus will be on education, advocacy and providing a voice for people who have been, who are, who are at high risk of, or who have known someone well who has experienced homelessness. (Note: According to a running two-year survey by the MTCoH, this would apply to about 60 percent of Montanans.)

Because the creation of the 10-Year Plan engaged 100’s of Montanans, the expectation is that the new Montana Coalition for the Homeless will use the plan as a jumping off point for continued strategic planning and direct efforts. Providing an effective mechanism for meaningful engagement of persons who have direct experience with homelessness will provide value-added to Montana's efforts as the HEARTH Act goes into its implementation phase. This directly furthers Goal 1.1 of Montana's 10-Year Plan, which is to enhance state-level coordination around the issue of homelessness by creating a sustainable, multi-systemic infrastructure and coalition for addressing homelessness.

Community-based participatory research suggests that, if asked, a population has – or can arrive at - the answers to its own problems. The answers to solving homelessness will be found in the experiences of persons who have experienced homelessness. For this reason, those who have had the primary experience of living without homes must be engaged as critical partners in our efforts to prevent and end homelessness. Despite its importance, engaging people who have experienced homelessness is unbelievably difficult. It is particularly hard to get the right balance because it is very easy for those in positions of power to overwhelm the public process.

The HEARTH Act acknowledges the difficulty of bringing first person stakeholders to the table by requiring that “at least one” person who has experienced homelessness must be included in decision-making. While this was done in the spirit of inclusion, it does *not* ensure that homeless representation is meaningful rather than token, symbolic or just doesn’t happen. The MTCOH will hold as one of its primary tenets that meaningful engagement of persons with the primary experience of homelessness is a crucial element. There will be mechanisms built in to the process that include and engage these constituents as full partners at the table. Though the mechanism has not been completely fleshed out to date, initial conversations include initiating regional task forces or roundtables in each community that is home to one or more board members. Other mechanisms are also under discussion. This grassroots coalition intends to serve as a partner to the Department of Commerce and to HUD in their efforts to prevent and end homelessness, and can bring a perspective that includes multiple constituencies including private business, housing, the faith community, direct homelessness services providers, municipalities, and many others. Going forward, it is anticipated that the circle will grow to include many individuals, agencies, businesses and other coalitions in support of preventing and ending homelessness.

Discharge Coordination Policy

Montana is committed to the objective of not discharging someone into homelessness. The work of the Governor’s Council on Homelessness, coupled with research and outreach, has provided the foundation for a 10-year plan to address homelessness as it exists in Montana and to end chronic homelessness. Although Governor Schweitzer chose not to reinstate the Montana Council on Homelessness after Executive Order 40-2006 expired in 2009, it does not mean overarching efforts to address homelessness in Montana have been abandoned. Although the structure is undergoing some revision, the Governor and the state of Montana remain committed to addressing homelessness by furthering the efforts to meet the goals of the 10-Year Plan.

On a practical level, not discharging someone into homelessness is easier said than done, particularly with the corrections population. Many housing policies preclude serving felons, and federal policy prevents sexual and violent offenders from accessing public housing. This population does not have the resources to pay market rate for their housing, even if they can find someone to rent to them. Add in the lengthy wait for a housing choice voucher, and the problem of not discharging someone into homelessness becomes even more difficult. Unfortunately, the need for housing assistance is so great and the vouchers and public housing resources are so limited, it is rare that someone being discharged from correctional facilities will ever be able to access a voucher. This is particularly difficult when the individual leaving a state corrections facility or county jail is suffering from disabilities, including one or more mental health diagnoses, physical disabilities, PTSD, organic brain damage or co-occurring disorders that make it difficult to self-advocate.

It is also very difficult to find housing for youth coming out of foster care. The MDPHHS Child and Family Services Division has an estimated $500,000 in John H. Chafee grant funds to provide direct services to assist eligible youth aging out of foster care or who have aged out of foster care. The purpose of these grants is in establishing, maintaining, and/or expanding educational, housing, mentoring, and employment services to current and former foster care youth age 16 to 21 to assist them to achieve self sufficiency.

In practice, persons with serious mental illnesses who are leaving treatment facilities may be discharged to an emergency shelter (i.e., into homelessness), which can often mean moving to the top of the waiting list for housing, thus being able to access mental health and other services in a more timely way. Without an immediate link to case management, housing providers are reporting that many coming out of homelessness, particularly those who have serious and disabling mental illness (SDMI) have a great deal of difficulty maintaining housing after finding it.

One of the concrete mechanisms that has been consistently employed since 2005 has been the delivery of SOAR (SSI/SSDI[21] Outreach, Access and Recovery) classes to case managers and transition planners. Initially, three participated in the training. One more state-level trainer has been added in the interim. These classes are designed to give case managers and others providing direct and transition services to persons with SDMI and who are homeless or at high risk of homelessness the tools they need to write SSI/SSDI applications that are approved at the earliest possible juncture. At least one class a year is arranged for corrections professionals, including community corrections, probation/parole, and prison transition planners. At least four other classes each year are offered throughout Montana; up to 30 people attend each class. These tools have been helpful in terms of getting people on SSI, which is automatically coupled with Medicaid. This tool is often enough to help keep people in stable housing

[21] Supplemental Security Income / Social Security Disability Insurance

and to ensure that they can access healthcare. It has the added benefit of helping individuals with SDMI to begin building a social network that can help maintain stability.

This partnership continues, and in the past year, the Addictive and Mental Disorders Division (AMDD) of the Department of Public Health and Human Services has begun providing staff to serve as the SOAR State Team Lead. They have also begun making a concerted effort to send staff from the publicly funded mental health facilities to SOAR Train-the-Trainer events, with the intent of ensuring that each site has at least one SOAR trainer on staff. They have also begun implementing evaluation strategies to ensure that the SOAR methods are working and that appropriate candidates are approved for SSI/SSDI benefits at the earliest possible juncture. This is a win-win for the AMDD: once SSI is approved, the individual is concurrently eligible for Medicaid, which provides a payment source for services provided.

Several innovative and successful tools are in place in Montana. The state's first Behavioral Health Program Facilitator was hired as a liaison between the departments of Corrections and Public Health and Human Services. Some of the other mechanisms put in place were discussed in the *Prevention Connection Newsletter*[22], a publication funded through the state's Chemical Dependency Block Grant and published by the Prevention Resource Center. An article by the Behavioral Health Program Facilitator speaks to some of the efforts that ultimately will help keep persons who are mentally ill and reentering the community after prison sentences from becoming homeless.[23]

Additional mechanisms that may result in reduced homelessness due to addiction and co-occurring disorders include the state's residential treatment facilities for low-income citizens. Boyd Andrew Community Services was awarded a contract with the MDPHHS in 2008 to administer and manage a multi-level residential treatment system, the Residential Treatment Expansion Consortium (RTEC). Among other things, RTEC provides a long overdue opportunity to bridge the treatment gap between MDPHHS and the Montana Department of Corrections (MCOR) by providing a continuum of care for chemically dependent clients served by both departments.

The consortium providing this system consists of six separate "state approved" chemical dependency treatment programs working together under a unified administration. The treatment system represents state of the art in treatment technology and theory by providing treatment programming that combines nationally recognized American Society of Addiction Medicine (ASAM) diagnostic criteria and Therapeutic Community Milieu with a variety of cognitive behavioral therapies that are gender and culturally specific.

RTEC offers inpatient treatment beds for men and women, detox/crisis stabilization services for both men and women who are referred into the RTEC system, and 5 recovery houses located throughout Montana. RTEC is committed to providing long term care to individuals with methamphetamine and other substance disorders. RTEC is able to offer a seamless continuum of care from detox/crisis stabilization services to inpatient treatment followed by recovery based support homes.

[22] **http://www.prevention.mt.gov/resource/prevconn/pcarchives.asp**

[23] **http://www.prevention.mt.gov/resource/prevconn/files/2008/Winter_2008.pdf**, page 21

The seven consortium participating programs are:

- The Elkhorn Treatment Center operated by Boyd Andrew Community Services in Boulder, MT provides four inpatient treatment beds for women. The average length of stay is 9 months.
- The Rimrock Foundation of Billings provides six inpatient treatment beds for men and two inpatient treatment beds for women. The average length of stay is approximately 45 days at a ASAM Level 3.5.
- The Blue Thunder Lodge operated by Gateway Recovery in Great Falls provides a cultural specific recovery based support home for Native American men. Length of stay is 9 months.
- The White Sky Hope Lodge operated by the White Sky Hope Center located on the Rocky Boy Reservation in Box Elder provides a cultural specific recovery based support home for Native American women. The length of stay is 9 months.
- The Olive Branch Home operated by Alcohol and Drug Services of Gallatin County in Bozeman provides a recovery based support home for men only. Length of stay is 9 months.
- The Lighthouse Recovery Home operated by Eastern Montana Community Mental Health Center in Miles City provides a recovery based support home for men only. The length of stay is 9 months.
- The Kalispell Women's Recovery Home operated by Flathead Valley Chemical Dependency Center in Kalispell provides a recovery based support home for women only. Length of stay is 9 months.

Youth: It is also very difficult to find housing for youth coming out of foster care. According to the National Resource Center for Permanency and Family Connections[24], as of September 30, 2009, 1,583 children were in the Montana foster care system. Most are placed in response to parental abuse or neglect, on on average, the children who were in foster care on September 30, 2009 had been in care for 26.5 months. Approximately 12 percent (190 youth) were between 16 and 18 years of age, making them strong candidates for aging out of foster care. This is consistent with a Winter 2007 *Prevention Connection* article[25], which stated that approximately 1,700 Montana children are in foster care at any given time and that about 100 will age out each year. They will be at high risk of becoming homeless because they lack familial, economic and social resources, have limited education and employment experience, and receive relatively poor mental and physical health services.

The John H. Chafee Foster Care Independence Act of 1999 was created to assist with transition from foster care to independence. Its purpose was to provide states with

[24] National Resource Center for Permanency and Family Connections at the Hunger College School of Social Work (a service of the Children's Bureau ACF/DHHS): http://www.hunter.cuny.edu/socwork/nrcfcpp/info_services/state/Montana.pdf.

[25] Foster Youth and Homelessness. Heather Winter. Winter 2007 Prevention Connection. P. 6. http://prevention.mt.gov/resource/prevconn/files/2007/prevconn_2007_winter.pdf

flexible funding for financial, housing, counseling, employment, education and other supports and services targeted to former foster care recipients between the ages of 18 and 21. Children who are 16 or older and in foster care must have an independent living plan. Generally, children who are in foster care at this age are in planned permanent living arrangements. Independent living services are important in assuring these youth successfully transition to adulthood. While previously contracted out, services are currently provided “in house” by Division staff within each region[26]. The Child and Family Services Plan states as a goal, "Provide financial, housing, counseling, employment, education and other appropriate support services to former foster care recipients between 18 and 21 years of age to complement their own efforts to achieve self-sufficiency and to assure that program participants recognize and accept their personal responsibility for preparing for and making the transition into adulthood." Some of the strategies noted under this goal include promoting the development of low-cost housing and assisting youth in applying for Section 8 or other low-income housing. While these are laudable strategies, there is no housing available to meet the needs of youth who age out of foster care without a permanent, legal family. Youth have not had the opportunity to build credit or rental histories. Without children of their own or significant disabilities, there are few public resources they can access. Research shows that many will face significant obstacles including homelessness, depression, unemployment and engagement in teen risk behaviors including substance abuse. Eligible youth *can* access financial assistance with deposits, set up fees and up to three months of Chafee funds for room and board once they age out, but because of their many obstacles and without consistent, ongoing support it is difficult for youth to sustain housing once the subsidy runs out. The Chafee Program in Montana (the Montana Foster Care Independence Program), receives approximately $500,000[27] in an annual federal allotment for use statewide. About 10– 15 percent of these funds are used for housing assistance.

SPECIAL NEEDS POPULATIONS

Special needs housing, or supportive housing, is housing that provides supportive services and/or physical adaptations, allowing residents with special needs to live independently in integrated community settings. Persons with special needs may have a variety of mental and physical disabilities and, therefore, need a variety of housing options that varies depending on the type of disability and may vary throughout an individual’s life depending on the degree of disability and individual circumstances.

Special needs populations also include persons with chemical addictions and victims of domestic violence, which share a need for supportive services in order to achieve a stable living environment and reintegrate into society. Because of their need for the combination of affordable housing linked to targeted services, they are included in the groups that benefit from supportive housing.

[26] Harter, Elizabeth. Montana Department of Public Health and Human Services Child and Family Services Division: Child and Family Services Plan 2010 - 2014. June 30, 2009. http://www.dphhs.mt.gov/cfsd/publications/2010-2014cpsp.pdf

[27] Fiscal Year 2010 Allotments for States and Tribes: Chafee Foster Care Independence Program http://www.acf.hhs.gov/programs/cb/laws_policies/policy/pi/2010/pi1008a3.pdf

Elderly and Frail Elderly

(a) Objectives and Actions / Resources:

- **Provide Housing Options for the Elderly**
  - Support efforts by the MDPHHS Senior and Long Term Care Division (SLTCD) to continue to develop a growing continuum of long-term care services, ranging from institutional care (nursing homes and assisted living facilities) to home and community based services (personal care, home health services, hospice, homemaker, home chore, congregate and home delivered meals programs, transportation, health promotion programs, etc.)
  - Continue to market and support the Reverse Annuity Mortgage Loan Program, which enables Montana low-income homeowners over 68 years old to provide for their own in-home support by utilizing cash from a Reverse Annuity Mortgage
  - Continue to make funds available through the MBOH Disabled Accessible Affordable Home Ownership Program to provide architecturally accessible homes for persons with permanent disabilities and mobility impairments
  - Continue to offer education regarding universal design and accessibility requirements in order to increase the number of accessible multi- and single-family units available to the elderly population
  - Promote accessibility features for all new construction and major rehabilitation that replaces interior walls and doors; the following are required by the LIHTC program and strongly encouraged by the HOME and CDBG programs:
    - 36 inch doors for all living areas (except pantry, storage, and closets)
    - levered handles for exterior and interior doors (except exterior swing doors)
    - outlets mounted not less than 15 inches above floor covering
    - light switches, control boxes and/or thermostats mounted no more than 48 inches above floor covering
    - walls adjacent to toilets, bath tubs and shower stalls require reinforcement for later installation of grab bars
    - lever style faucets for laundry hook-up, lavatory and kitchen sink
    - Ground floor units with “no step” entry

Persons with Disabilities

(a) Objectives and Actions / Resources:

- **Provide Housing Options for Persons with Disabilities**
  - Continue to utilize MDOC and MBOH funds to develop projects targeted to physically, developmentally, and mentally disabled households
  - Increase group living and homeownership opportunities for persons with severe and disabling mental illness and other disabilities through cooperation with organizations such as the Montana Home Choice Coalition
  - Continue to make funds available through the MBOH Disabled Accessible Affordable Home Ownership Program to provide architecturally accessible homes for persons with permanent and mobility impairments
  - Continue to offer education regarding universal design and accessibility requirements in order to increase the number of accessible multi- and single-family units available to the disabled population
  - Promote accessibility features for all new construction and major rehabilitation that replaces interior walls and doors; the following are required by the LIHTC program and strongly encouraged by the HOME and CDBG programs:
    - 36 inch doors for all living areas (except pantry, storage, and closets)
    - levered handles for exterior and interior doors (except exterior swing doors)
    - outlets mounted not less than 15 inches above floor covering
    - light switches, control boxes and/or thermostats mounted no more than 48 inches above floor covering
    - walls adjacent to toilets, bath tubs and shower stalls require reinforcement for later installation of grab bars
    - lever style faucets for laundry hook-up, lavatory and kitchen sink
    - no-step entry to all ground floor units
    - continue to seek HOPWA funding for the Tri-State HELP and Tri-State HELP Plus housing assistance programs for people living with HIV/AIDS

Victims of Domestic Violence

(a) Objectives and Actions / Resources:

- **Provide Housing Options for Victims of Domestic Violence**
  - Continue to make funding available through normal processes.

Veterans

(a) Objectives and Actions / Resources:

- **Provide Housing Options for Veterans**
  - Continue to provide assistance to veterans through the HUD–VASH program, which combines HUD HCV rental assistance for homeless veterans with case management and clinical services provided by the Veterans Affairs at its medical centers and in the community.
    - Lend support to the federal goal in the HEARTH Act to ensure that individuals and families who become homeless return to permanent housing within 30 days.
  - Continue to administer first-time homebuyer financing form MBOH under the terms of the Service Member's Civil Relief Act, which prohibits foreclosure during a time of active duty and forgives interest debts on delinquent loans in excess of 6%.

MINORITY POPULATIONS

Native American Population

With the Blackfeet Reservation covering much of it, Glacier County has the largest concentration of Native Americans in the state with more than 61.4% of its population being American Indian. Big Horn County is a close second with a 60.6% American Indian population. Both the Crow and Northern Cheyenne Reservations are located in this county. The third highest concentration is in Roosevelt County where the Fort Peck Reservation is located.[28]

(a) Objectives and Actions / Resources:

Applications for the CDBG and HOME Programs are received from all areas of the state, including areas of concentrated minority populations such as towns located within reservation boundaries, county-sponsored water and sewer districts, and counties that include designated reservation land.

The HOME Program accepts applications from CHDOs around the state. Several of the certified CHDOs in Montana have reservation land within their service areas and are encouraged to apply for HOME funds for projects in those areas.

House Bill 608: The 2003 Montana Legislature passed House Bill 608 (HB 608), an act relating to the government-to-government relationship between the Montana Indian Tribes and the state of Montana. HB 608 provides for tribal consultation in the development of state agency policies that directly affect Indian tribes, authorizes certain state employees to receive annual training, provides for annual meetings

[28] *Economic and Demographic Analysis of Montana, Volume II Demographic Analysis*, Montana Department of Commerce, December 2007; **http://housing.mt.gov/CP/economicdemographicanalysis.mcpx**

between state and tribal officials, and requires that an annual report of the actions be produced by state agencies.

When formulating or implementing policies or administrative rules that have direct tribal implications, state agencies are directed to consider the following principles:

- a commitment to cooperation and collaboration
- mutual understanding and respect
- regular and early communication
- a process of accountability for addressing issues
- preservation of the tribal-state relationship.

At least once a year, state agency managers and key employees who have regular communication with tribes will receive training on the legal status of tribes, the legal rights of tribal members, and social, economic, and cultural issues of concern to tribes. This training is to be provided by the Montana Department of Justice and a trainer selected by the tribal governments. In addition, each year the Governor, along with state agency representatives and tribal officials may review the policies that directly affect tribal governments and tribal populations, and recommend changes and/or formulate solutions to the policies.

State agencies are directed to submit a report each year to the Governor and to each tribal government on the activities of the state agency relating to tribal government and tribal populations. The report must include:

- any policy that the state agency adopted that directly impact the tribes
- the name of the individual within the state agency who is responsible for implementing the policy
- the process that the state agency has established to identify the programs of the state agency that affect tribes
- the efforts of the state agency to promote communication and the government-to-government relationship between the state agency and the tribes
- the efforts of the state agency to ensure tribal consultation and the use of American Indian data in the development and implementation of agency programs that directly affect tribes
- a joint description by tribal program staff and state staff of the required training.

Efforts to Further Native American Housing Opportunities

Section 184 Indian Housing Program: The Indian Home Loan Guarantee Program is a relatively new and innovative housing program to enable Native American families and Indian Housing Authorities (IHAs) to gain access to sources of private financing. A Native American is an eligible borrower if he/she will occupy the property as his/her principal home and has met certain credit and underwriting standards. An IHA is an eligible applicant as well. IHAs may borrow funds for the development of single family homes that may be subsequently sold to eligible borrowers. To apply, they can visit any approved lender (financial institution) and apply for a mortgage loan.

Since July of 1995, MBOH has set aside more than $8,000,000 in recycled mortgage funds to provide the permanent financing for qualifying lower income individuals to purchase single family homes located on trust land on an Indian Reservation or on fee simple land off-reservations that are guaranteed by HUD through Section 184 for Native Americans. MBOH worked with local banks, tribal representatives, bond counsel, state and regional HUD officials to get special consideration and guarantees from the Secretary of HUD in Washington D.C. to enable MBOH to participate in this program initially. MBOH created a special set-aside for native Americans that allows for higher income limits for extended households.

Before the 184 Loan Guarantee Program could be utilized in Montana, each Tribe needed to adopt foreclosure and eviction procedures. Nearly all of Montana's tribes have adopted the procedures. As a member of the Montana American Indian Housing Task Force, MBOH was instrumental in getting the reservations qualified for the HUD 184 home mortgage guarantee program, which subsequently has assisted 324 Indian families with mortgage insurance. The Crow Tribe subsequently filed the necessary forms and obtained approval for the balance of the state, allowing HUD 184 loan guarantees to be used off reservations as well. Montana now leads the states in the Denver Region of HUD in terms of total dollar volume of HUD 184 loans made.

Montana House™: MBOH is working in partnership with local vocational training programs to construct the Montana House™. See page 16 for additional information on the Montana House™.

NeighborWorks Montana: The NWMT extends down payment and closing cost assistance to the Rocky Boy's, Flathead, and Fort Peck Reservations. Services offered to potential homebuyers on the reservation and statewide include credit counseling, homebuyer training, and foreclosure prevention. NWMT provides second mortgages statewide (not just to the reservations) for down payment and closing cost assistance with funding received from Neighborhood Reinvestment.

MBOH Low Income Housing Tax Credit Program funds projects submitted by tribes in Montana including the Salish and Kootenai, the Blackfeet, Fort Belknap Housing Authority, Northern Cheyenne Housing Authority, and Fort Peck Housing Authority.

Tax credits and Native American Housing Assistance and Self-Determination Act (NAHASDA) funds have been shown to work well together and projects submitted by the tribes continue to score well as the Indian lands in Montana show a great need for safe, decent, affordable housing.

IX. OTHER ACTIONS
HOUSING

Homeownership

➢ Provide Homeownership opportunities to low- and moderate-income households throughout Montana

- Continue to make funds available for homebuyer programs throughout the state through the HOME program's Single Family Noncompetitive Program for down payment and closing cost assistance and the competitive program for single family development projects
- Continue to make funds available for homebuyer programs throughout the state through CDBG Program for down payment and closing cost assistance.
- Continue to make bond funds available to assist low- to moderate-income homebuyers each year with low interest rate loans; MBOH expects to assist 500-800 borrowers this year
- Continue to operate the Mortgage Credit Certificate program, which began operation in April 2003; MBOH expects to assist 60 borrowers this year
- Continue to make funds available through the Single Family Recycled Mortgage Program to lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other single family programs; MBOH expects to assist 100-200 borrowers this year
- Continue to support the Section 8 Homeownership Voucher program; since the inception of the program, awareness of the program has brought together various partners, leading the success of homebuyers statewide.
- Continue support of private foundations committed to leveraging federal dollars for affordable housing throughout the state
- Continue to support Montana House™ program, a collaboration between MBOH, Blackfeet Housing Authority, and Blackfeet Manpower. MBOH provides the building materials for the homes and students build the homes as part of a vocational training curriculum; MBOH expects 2-4 homes will be completed this year.

➢ Mitigate effects of delinquency and foreclosures

- Continue to seek grant funding for MBOH housing and foreclosure counseling programs
- Contingent upon funding, continue to provide foreclosure counseling to 1200 homeowners this year
- Contingent upon funding, continue to provide homebuyer counseling to 200 homebuyers this year and first-time homebuyer classes to 1,200 participants
- Continue to require homebuyer education classes for all homebuyers assisted with HOME funds as a condition of receiving the funds

- Continue to explore creative means to deliver homebuyer training in rural areas
- Increase awareness of predatory lending practices by participating in the Montana Financial Education Coalition

➢ Mitigate effects of high energy costs and building costs

- HOME and CDBG programs will continue to require projects to conform to federal and state energy efficiency standards.
- Continue to leverage HOME and CDBG funds with weatherization programs administered throughout the state
- Continue to promote housing that is modified or constructed to meet federal and state energy efficiency standards
- Continue to encourage green building techniques

➢ Mitigate the effects of environmental hazards

- Present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops
- Provide information on methamphetamine contamination at workshops and conferences

Rental Housing

➢ Improve the Quality and Availability of Affordable Rental Housing for Low- and Moderate-Income Households

- Utilize MDOC and MBOH resources funds to rehabilitate existing and construct new rental housing
- Utilize MDOC and MBOH resources to preserve rental units subject to expiring HUD or 515 Rural Development contracts to ensure these units continue to remain viable, affordable units
- Continue to support the Section 8 housing choice voucher program, which provides essential rental subsidy to very low and low-income Montanans
- Continue to offer permanent mortgage financing for affordable rental housing in partnership with HUD's Risk Sharing Program, which provides mortgage loan insurance
- Continue to offer permanent mortgage financing through its General Obligation Program, which issues tax-exempt bonds to finance projects that do not have mortgage insurance

➢ Improve Access to Capital Markets

- Continue to support MPEG (Mountain Plains Equity Group, Inc.), a small investment syndicator that makes investments in LIHTC projects and historic tax credit projects. Smaller projects, particularly in rural communities, can be expensive and difficult for housing authorities, nonprofit entities, and other developers to put together. MPEG eases the development of multi-family housing by providing limited but essential relief though partnerships with local state and nationally charted banks.

➢ Mitigate effects of high energy costs and building costs

- HOME and CDBG programs will continue to require projects to conform to federal and state energy efficiency standards.
- Continue to leverage HOME and CDBG funds with weatherization programs administered throughout the state
- Continue to promote housing that is modified or constructed to meet federal and state energy efficiency standards
- Continue to encourage green building techniques

➢ Mitigate the effects of environmental hazards

- Present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops
- Provide information on methamphetamine contamination at workshops and conferences

Manufactured Housing

➢ Explore ways to preserve manufactured housing as an affordable housing alternative for home ownership and rental

- Continue to support mortgage financing and other financial assistance to manufactured housing placed on permanent foundations on land owned by the homeowner or leased under a long-term lease.
- MBOH will continue to purchase first mortgage loans on manufactured housing that is on a permanent foundation, is post-1976, has been de-titled, and has mortgage insurance from FHA, VA, or RD.
- Partner with Montana State University-Bozeman Extension Service to find solutions to decommissioning and disposal of older units.
- Provide support to NWMT's (NeighborWorks Montana) work with ROC (resident-owned communities) issues and access to ROC USA funding.
- Explore developing a permanent source of funding, similar to the Manufactured Home Replacement pilot program, which has the flexibility to address manufactured housing financing and decommissioning needs.

FOSTERING AND MAINTAINING AFFORDABLE HOUSING

Faced with the overwhelming demand for affordable housing, the state will implement programs and deliver resources to in-need populations around Montana in an attempt to continually foster and maintain affordable housing. No single objective has the same priority in all of Montana's communities. Likewise, no single action can meet the specific housing needs and objectives of any given community. Nevertheless, MDOC is committed to moving forward with the following housing objectives and actions designed to meet those objectives.

It should be noted that Homeownership will be facing several challenges in the coming year. While Montana's level of foreclosures from subprime lending is relatively low, the economic downturn in the state's economy is increasing the frequency of foreclosures, especially in Flathead, Gallatin, and Ravalli counties, on many of the Indian Reservations, and in the three Metropolitan Statistical Areas (MSAs), Missoula, Great Falls, and Billings. MBOH supports a network of foreclosure counselors through its own funds, HUD Homeownership Counseling and National Foreclosure Mitigation Counseling program funds. These counselors are available at no charge to assist any homebuyer who is facing foreclosure or anticipating difficulty in making their mortgage payments.

The second challenge is the tightening of credit and credit standards to support first-time homebuyers. MBOH supports a network of certified homebuyer education and counseling providers across the state to assist first-time homebuyers with information and counseling about what is needed to qualify for a home loan, and what is involved in locating and financing a home. Home purchase costs have stabilized and even declined slightly in a few areas of the state. While lower mortgage interest rates and lower house prices make this a good time to purchase a home, these lower rates are not sufficient to fill the affordability gap in many areas of the state. With tighter credit and down payment requirements, it is likely that fewer people will be purchasing homes than in the past. Additionally, ongoing affordability gaps and higher down payment requirements will likely increase the amount of assistance needed by each household; thereby lowering the total number of homebuyers receiving down payment assistance and buying homes.

Another challenge is regulatory changes. For example, implementation of changes in RESPA disclosure requirements could discourage some lenders from making home mortgage loans because of the complexity of new requirements. Similarly, implementation of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) could eliminate some local governments, CHDOS, and PHAs currently conducting homebuyer assistance programs using HOME funds if staff working for these entities are required to be licensed. MDOC, along with the MDOLI Division of Banking and Financial Institutions, provided an educational webinar for its partners on January 6, 2010. MDOC continues to monitor the situation and provides periodic updates to its grantees and other partners, and an informational web page has been set-up at **http://housing.mt.gov/FAR/safeact.mcpx**.

Coordination with Low Income Housing Tax Credits

The Montana Board of Housing, which administers the LIHTC Program, is administratively attached to the MDOC and is co-located with the Housing Division, which administers the HOME Program. The MDOC Community Development Division administers the housing portion of the CDBG Program and is located near the Housing

Division. The programs work well together and often jointly fund housing projects around the state. The programs developed the Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs, which contains the common forms and checklists the applicant must submit when seeking financial assistance from any of the funding programs. The use of common forms and checklists reduces the time, effort, and expense incurred when applying to multiple agencies for financial assistance. In addition, the programs participate in various workshops; including the Montana Tribal Housing Authority Coalition, meetings, and providing insights, input, and recommendations on how the programs can better work together and reduce the administrative burden on applicants.

REMOVING BARRIERS TO AFFORDABLE HOUSING

Regulatory barriers do not have a significant impact on housing costs in Montana. Only a limited number of municipalities have adopted zoning. Local governments are not permitted to adopt their own building codes and must enforce the uniform codes adopted by the state, which are national or international codes[29] adopted by reference. Few, if any, counties enforce building codes outside of municipalities. A 2007 survey completed by the Montana Department of Fish, Wildlife, and Parks, found that only 23 of Montana's 56 counties had any type of zoning, whether permanent or pursuant to interim ordinances.

The Montana Code Annotated [MCA] 76-1-601 governs the development and adoption of a growth policy for the local governments. More specifically, a growth policy may include all or parts of a local jurisdiction. The document must include the elements listed in the MCA, but the level of detail at which a growth policy addresses the required elements is at the full discretion of the governing body. A growth policy must include the following elements:

a. Community goals and objectives
b. Maps and text describing an inventory of the existing characteristics and features of the jurisdictional area, including:
    i. land uses;
    ii. population;
    iii. housing needs;
    iv. economic conditions;
    v. local services;
    vi. public facilities;
    vii. natural resources; and

[29] National Electrical Code, as amended; Uniform Plumbing Code, as amended; International Mechanical Code; International Building Code; International Residential Code (one- and two-family dwellings and townhouses up to three stories in height); residential energy standards adopted and amended by the State of Montana, incorporating the International Energy Conservation Code; International Existing Building Code, and; International Fuel Gas Code (natural gas/propane installation).

viii. other characteristics and features proposed by the planning board and adopted by the governing bodies;

c. Projected trends for the life of the growth policy for each of the following elements:

   i. land use;

   ii. population;

   iii. housing needs;

   iv. economic conditions;

   v. local services;

   vi. natural resources;

   vii. and other elements proposed by the planning board and adopted by the governing bodies;

d. a description of policies, regulations, and other measures to be implemented in order to achieve the goals and objectives established pursuant to subsection (3)(a);

e. a strategy for development, maintenance, and replacement of public infrastructure, including drinking water systems, wastewater treatment facilities, sewer systems, solid waste facilities, fire protection facilities, roads, and bridges;

f. an implementation strategy that includes:

   i. a timetable for implementing the growth policy;

   ii. a list of conditions that will lead to a revision of the growth policy; and

   iii. a timetable for reviewing the growth policy at least once every 5 years and

   iv. revising the policy if necessary;

g. a statement of how the governing bodies will coordinate and cooperate with other jurisdictions that explains;

   i. if a governing body is a city or town, how the governing body will coordinate and cooperate with the county in which the city or town is located on matters related to the growth policy;

   ii. if a governing body is a county, how the governing body will coordinate and cooperate with cities and towns located within the county's boundaries on matters related to the growth policy;

h. a statement explaining how the governing bodies will:

   i. define the criteria in 76-3-608(3)(a): and

   ii. evaluate and make decisions regarding proposed subdivisions with respect to the criteria in 76-3-608(3)(a);

i. a statement explaining how public hearings regarding proposed subdivisions will be conducted; and

j. an evaluation of the potential for fire and wildland fire in the jurisdictional area; including whether or not there is need to:

i. delineate the wildland-urban interface; and

ii. adopt regulations requiring:

- defensible space around structures;
- adequate ingress and egress to and from structures and developments to facilitate fire suppression activities; and
- adequate water supply for fire protection.

Clearly, the greatest barrier to affordable housing in the state is the lack of resources available. The state works to maximize limited resources by working with lenders, landlords, REALTORS®, other state agencies.

ADDRESSING LEAD-BASED PAINT HAZARDS

The HUD lead-based paint (LBP) regulations for pre-1978 homes, known as Title X, Section 1012/1013, went into effect on September 15, 2000. On March 31, 2008, the United States Environmental Protection Agency (EPA) issued a rule requiring the use of lead-safe practices and other actions aimed at preventing lead poisoning. Under the rule, beginning in April 2010, contractors performing renovation, repair and painting projects that disturb lead-based paint in homes, child care facilities, and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

Lead-hazard information for renovation, repair and painting activities is found in the EPA lead hazard information pamphlet, *Renovate Right: Important Lead Hazard Information for Families, Child Care Providers, and Schools*. The pamphlet is available online at **http://www.epa.gov/lead/pubs/renovaterightbrochure.pdf**.

Beginning in December 2008, the rule requires that contractors performing renovation, repair and painting projects that disturb lead-based paint provide the *Renovate Right: Important Lead Hazard Information for Families, Child Care Providers, and Schools* lead hazard information pamphlet to owners and occupants of child care facilities and to parents and guardians of children under age six that attend child care facilities built prior to 1978.

The rule affects paid renovators who work in pre-1978 housing and child-occupied facilities, including:

- renovation contractors
- maintenance workers in multi-family housing
- painters and other specialty trades.

Under the rule, child-occupied facilities are defined as residential, public, or commercial buildings where children under age six are present on a regular basis. The requirements apply to renovation, repair, or painting activities. The rule does not apply to minor maintenance or repair activities where less than six square feet[30] of lead-based paint is disturbed in a room or where less than 20 square feet of lead-based paint is disturbed on the exterior. Window replacement is **not** minor maintenance or repair.

Beginning April 2010, federal law requires contractors to be certified and to use lead-safe work practices. Information on lead-safe work practices for contractors in the EPA pamphlet, *Contractors: Lead Safety During Renovation*, is available on EPA's web site at **http://www.epa.gov/lead/pubs/contractor_brochure.pdf**.

Anyone who owns or manages housing or child-occupied facilities built before 1978 and contractors who perform activities that disturb painted surfaces (including certain repairs and maintenance, and painting preparation activities) in homes and child occupied facilities built before 1978 should also read EPA's handbook, *Small Entity Compliance Guide to Renovate Right: EPA's Lead-Based Paint Renovation, Repair, and Painting Program* at **http://www.epa.gov/lead/pubs/sbcomplianceguide.pdf**.

The state of Montana has a commitment to ensure that recipients of HOME, CDBG, and ESG funds administer programs that adequately limit the risks associated with lead-based paint. Recipients of funding through these block grant programs are required to comply with all federal, state and local lead-based paint regulations.

Based on the number of houses in Montana that were built in 1979 or before[31], it is estimated that there are nearly 285,500 Montana housing units at risk of containing lead-based paint. Although this is approximately 69% of the housing units in the state, it is important to note that one cannot assume all of these units contain lead-based paint and the presence of lead-based paint alone does not indicate the extent of exposure hazards. Education and awareness of the potential hazards and the need to properly maintain, control, and abate lead based paint is crucial.

Applicants for CDBG and HOME funds are made aware of the requirements of the lead-based paint regulations before they apply for funds. If funded, applicants receive additional information on dealing with lead-based paint hazards. Technical assistance is available throughout the project. MDOC also promotes lead training whenever it is offered in Montana. Both the CDBG and HOME Programs allow funds to be used to assist with the cost of lead-based paint removal activities, depending upon the type of activity being funded.

The MDOC HOME Program requires grantees dealing with potential lead-based paint hazards to perform, at a minimum, visual inspections to identify possible lead-based paint hazards for projects wishing to use HOME funds. Personnel conducting visual inspections are required to complete HUD's on-line Lead-Based Paint Visual Assessment Training[32], an on-line, self-paced training module for people performing visual assessments for deteriorating paint, dust, and debris. In addition, housing quality

[30] Less than two square feet per HUD's Lead-Safe Housing Rule (24 CFR Part 35)
[31] *Housing Condition Study*, Center for Applied Economic Research, Montana State University-Billings, February 2005; **http://housing.mt.gov/CP/housingconditionstudy.mcpx**. Note: Data only available in 10-year increments: 1960-1969, 1970-1979, etc.
[32] **http://www.hud.gov/offices/lead/training/training_curricula.cfm**

standards (HQS) inspections are performed annually at HOME, Section 8 and other rental properties throughout the state, and all homes being purchased with the assistance of HOME funds.

MDOC has adopted a policy on lead hazard reduction in keeping with federal regulations. For projects involving a home constructed prior to 1978, grantees are required to notify project beneficiaries about the hazards of lead-based paint. In addition, if housing built prior to 1978 is being rehabilitated, the housing must be inspected for defective paint. If surfaces are found to be defective, they must be treated in the course of rehabilitation. Full abatement of lead-burdened housing is a worthwhile goal. However, it is costly and caution must be taken to ensure that the work is performed in a safe manner by certified workers. The more populated areas of the state tend to have more access to resources for appropriately dealing with LBP hazards. Rural areas of the state, where rehabilitation is often the largest part of housing strategies, remain under-prepared to address lead-based paint hazards. Significant portions of rehabilitation program budgets now go to addressing LBP hazards.

MDOC does not have a lead testing or abatement program in place at this time and does not plan to test or study housing units located in the state. However, for projects assisted with HOME or CDBG funds, grantees are required to ensure that the appropriate notification, inspection, testing, interim controls or abatement, and clearance activities are followed. In addition, the HOME and CDBG Programs present information on the LBP regulations and lead-safe work practices at its application and grant administration workshops. Further, MDOC promotes lead-based paint training whenever possible.

The state does have one accredited lead analysis laboratory, Northern Analytical Laboratories of Billings, which can perform analyses on paint chips, dust wipes, and soil. The state also has several individual contractors and a few companies certified to perform LBP activities within the state; however, coverage is spotty, and the construction industry and the persons involved in construction are constantly changing.

Additional information about lead-based paint abatement is available through the EPA at **http://www.epa.gov/lead/pubs/renovation.htm**. Information on HUD's Lead-Safe Housing Rule is located at **http://www.hud.gov/offices/lead/enforcement/lshr.cfm**.

REDUCING THE NUMBER OF POVERTY LEVEL FAMILIES

Montana's poverty rate was estimated at 13.3% in 2000, 14.0% in 2001 and 2002, 14.2% in 2003, 14.1% in 2004 before dropping to 13.8% in 2005 and 13.5% in 2006. Although Montana's overall poverty rate has decreased since 1990, the poverty rate for Montana families has not. The total number of families under the poverty level increased 20.7% from the

POVERTY RATE OF ALL AGES

	2004		2005		2006		2007		2008	
State	%	**Rank**	%	**Rank**	%	**Rank**	%	**Rank**	%	**Rank**
Idaho	9.9%	13	9.9%	12	9.5%	13	9.9%	17	12.2%	24
Montana	**14.1%**	**37**	**13.8%**	**36**	**13.5%**	**37**	**13.0%**	**35**	**12.9%**	**28**
North Dakota	9.7%	11	11.2%	20	11.4%	28	9.3%	11	11.8%	22
South Dakota	13.4%	36	11.8%	26	10.7%	24	9.4%	12	13.1%	31
Wyoming	9.9%	15	10.6%	17	10.0%	16	10.9%	25	10.1%	13
UNITED STATES	12.7%	-	12.6%	-	12.3%	-	12.5%	-	13.2%	-

Source: U.S. Census Bureau, CPS

1990 Census to Census 2000.[33]

As demonstrated by the table to the right, three-year average rates for all ages have dropped slightly over time though it must be pointed out that state poverty rates in a single year are not very reliable, owing to small sample sizes; thus the latest available rates are for 2007–2009.

POVERTY RATE OF ALL AGES: 3-Year Averages						
	2005 – 2007		2006 - 2008		2007 - 2009	
State	%	**Rank**	%	**Rank**	%	**Rank**
Idaho	9.8	39	10.6	33	12.0	27
Montana	**13.4**	**16**	**13.1**	**17**	**13.1**	**22**
North Dakota	10.6	32	10.8	32	10.7	35
South Dakota	10.7	29	11.1	27	12.2	26
Wyoming	10.5	33	10.3	35	10.1	39
UNITED STATES	12.5%	-	12.7%	-	13.4%	_-

Source: U.S. Census Bureau. Table compiled by Institute for Research on Poverty**, http://www.irp.wisc.edu/faqs/faq3/table2.htm**

It is the goal of the state to assist these families to improve their standard of living and escape poverty. The state utilizes a number of strategies to accomplish this goal.

First, Montana is committed to utilizing employment as the primary strategy for poverty reduction. The state has a well-coordinated employment and training system, which ensures that resources for advancement through employment, such as the Workforce Investment Act (WIA), TANF, and state resources such as higher education and economic development, are available to low-income families. The Work Readiness Component (WoRC) provides employment and training services to individuals receiving cash assistance. Administrators of these programs meet regularly to ensure coordination and results.

Second, the state provides a series of work supports to stabilize families as they increase their skills and seek better employment. These supports include TANF, energy assistance, health care, childcare, housing assistance and advocacy. SNAP (Supplemental Nutrition Assistance Program, formerly the Food Stamp Program) provides benefits to eligible families to supplement their food budget and increase their ability to purchase healthy foods. SNAP Nutrition Education, operated jointly with Montana State University, teaches participants to use their food stamp benefits wisely.[34]

Additionally, the Executive Branch is committed to a comprehensive approach to poverty reduction. Agencies serving low-income families have been included in a series of economic development activities. In addition, the Governor has supported a comprehensive effort to end chronic homelessness in Montana.

In May 2006, the Governor launched a family economic security project, a new demonstration project aimed at improving the economic security of low-income families. The Family Economic Security Services Demonstration Project will be administered by the MDPHHS. It will be funded with part of a “high-performance bonus” the state received from the federal government for its success in facilitating employment for people who get cash assistance through the TANF program. The goal of the project is to develop innovative services to help families improve their financial literacy and build their personal assets in order to improve their long-term economic situation.

33 *Economic and Demographic Analysis of Montana, Volume II Economic Profile*, Montana Department of Commerce, December 2007; **http://housing.mt.gov/content/CP/docs/CPDocsAndRpts/CP08EDAVol1.pdf**

34 **http://www.dphhs.mt.gov/hcsd/**

In November 2006, Montana voters approved Initiative 151, which raised the minimum wage from the federally mandated $5.15 per hour to $6.15 per hour on January 1, 2007. The initiative also calls for year adjustments tied to the cost of living. The wage, which is adjusted each September based on the national Consumer Price Index, increased to $6.90 on January 1, 2009. Effective July 24, 2009, the minimum wage increased to $7.25 based on the federal minimum wage increase, where it will remain for 2010. Initiative 151 did not change the $4-an-hour minimum wage for a business with annual gross sales of $110,000 or less.

DEVELOPING INSTITUTIONAL STRUCTURES

The state remains committed to developing and enhancing institutional structure in the state, including private industry, nonprofit organizations, public institutions, and local governments. The state supports policies and programs that support decent, safe, affordable housing, services for the homeless, and other non-housing community development activities, such as infrastructure enhancement and economic development. Throughout the year, CDBG, HOME, ESG, and other MDOC and MDPHHS staff participate in various working groups, committees, and councils that further promotes developing and enhancing institutional structure, as discussed in the section on Consultation and Coordination. The state maintains its commitment to inform others of their responsibility to participate in the consolidated planning process and to promote affordable housing, adequate infrastructure, and economic development in local communities and supports a broad-based “team” approach to address community development and housing issues.

Housing

The MDOC Housing Division administers the HOME and statewide Section 8 Programs. The Montana Board of Housing (MBOH) is administratively attached to the MDOC and is co-located with the Housing Division. The MDOC Community Development Division, located next to the Housing Division, administers the housing portion of the CDBG Program. The Montana Department of Public Health and Human Services administers the ESG Program and the HOPWA Program, funded through a competitive HUD grant.

MBOH and the Housing and Community Development Divisions of the MDOC, USDA Rural Development, and others continue improving coordination in the area of joint applications, workshops, reporting forms, and project monitoring.

The MDOC HOME Program continues to advise nonprofit groups on how to form certified community housing development organizations. Local units of government (cities, towns, and counties), PHAs, and CHDOs are eligible to apply for HOME grant funds under the HUD-approved program description. Additionally, local governments, PHAs, and CHDOs approved to access HOME funds for homebuyer assistance also qualify to access set-aside first mortgage loan funds from MBOH at a lower interest rate.

The Housing Coordinating Team facilitates statewide coordination in the delivery of housing services to individual housing providers and local organizations. In the past, areas of cooperation included evaluating the effects of impact fees on affordable housing, coordinating monitoring requirements within MDOC programs, and making minor adjustments to the common application for housing projects. Participating organizations include MDOC and MDPHHS, local HUD field office, USDA-RD, nonprofit housing providers, local housing authorities, Tribal housing authorities, and other nonprofit organizations.

Community and Economic Development

The Community Development Block Grant Programs, administered by the Community Development and Business Resources Divisions of MDOC, work with eligible units of local government in distributing CDBG funds. Funds are awarded on a competitive basis throughout the state. The CDD conducts training for recipient communities after grant awards to acquaint the recipients with the federal requirements that accompany the funds. Issues addressed include environmental review, labor standards, procurement standards, and civil rights, fair housing, and equal opportunity.

In addition, the CDBG programs conduct an annual public hearing on proposed application deadlines, allocation of funds, and program changes for the upcoming year. Local government officials and staff, community and economic development agencies, and other organizations and individuals interested in the Montana CDBG Program are notified in advance of the hearing and are invited to comment, either in person or in writing.

To further assist the communities across the state of Montana, the 2007 Legislature authorized funding for MDOC to reestablish the Community Technical Assistance Program (CTAP) that was eliminated in the 2003 session. The CDD now administers CTAP with the assistance of a staff attorney and planner. With these two positions, CTAP can now provide land use and general community planning technical assistance to local governments, developers, surveyors, and the public.

Montana Finance Information Center

The Montana Finance Information Center provides summary information for significant financing resources available from state, federal, and local institutions. The web site is organized as much as possible by source and point of application. Preference for organizational purposes is given to the actual level that provides funding to businesses and local governments. For example, the state of Montana MicroBusiness Development Loan Program is listed under local resources because the business applicant applies locally within each of the MicroBusiness Development Corporation (MBDC) regions, not directly to the state. The financing decision is made locally. Direct web links are provided wherever possible for direct connection to funding sources. For more information, go to **http://www.mtfinanceonline.com/**.

Certified Regional Development Corporations

The 2003 Montana Legislature created the Certified Regional Development Corporations Program (CRDC). The legislative intent of the CRDC program is to encourage a regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity building.

CRDCs are required to have the support of all counties and a majority of the incorporated cities and towns in their region to obtain and maintain certification. Twelve CRDCs have been formed (see map in Appendix C, page C-22) and placed under contract to provide technical assistance within their respective regions and are responsible for helping local officials, communities, and businesses "assess, plan, and facilitate action" within their regions. CRDCs facilitate the identification of priority needs of local communities. There is a clear recognition that local strategic planning is critical in developing local economies. CRDCs foster collaboration and bring elected officials, business leaders, and stakeholders together to prepare and implement regional development strategies.

CRDCs also provide business technical assistance and financing, leveraging financial resources from a variety of sectors that include government (federal, state, county, and local), the private sector, philanthropic community, and academia to aid in the expansion of their regions economy. For example, CRDCs manage revolving loan funds that are designed to assist new and expanding businesses. Business financing through an RLF assists in making a project a reality and thereby creating new local employment opportunities.

MDOC has taken a position to encourage regional planning efforts, coordination, and communication among local development entities and local governments. In 2007, MDOC began requiring applicants to the CDBG-ED to provide a copy of a resolution of support passed by the board of their regional Certified Regional Development Corporation. If an applicant's area is not covered by a CRDC, the applicant must provide narrative explaining why it does not participate in a regional planning effort.

Also beginning in plan year 2007, local governments applying for assistance within the CDBG public facilities or housing categories are encouraged to obtain a resolution of support from the appropriate CRDC.

Visit **http://businessresources.mt.gov/CRDC/default.mcpx** for more information on the Certified Regional Development Corporations.

Public Institutions

The Montana Department of Public Health and Human Services is the primary state agency overseeing a number of programs impacting Montanans' daily lives. The mission of the MDPHHS is to improve and protect the health, well-being, and self-reliance of all Montanans. Programs and services administered by the MDPHHS include aging services, long-term care, disability services, drug and alcohol addiction, mental health, foster care, adoption, childcare, protection and support, energy assistance, public health and safety, food stamps, and public assistance. For additional information on the MDPHHS, go to **http://www.dphhs.mt.gov/**.

Senior and Long Term Care

The Senior and Long Term Care Division advocates and promotes dignity and independence for older Montanans and Montanans with disabilities by providing information, education, and assistance; planning, developing and providing for quality long-term care services; and operating within a cost-effective service delivery system. The division administers aging services, adult protective services, and the state’s two veterans' homes. It also helps to fund care for elderly and disabled Montanans who are eligible for Medicaid and Supplemental Security Income.

Disability Services Division

The mission of the Disability Services Division (DSD) of the MDPHHS is to provide services that help Montanans with disabilities to live, work, and fully participate in their communities. DSD provides or contracts to provide a wide variety of services for Montanans of all ages who have physical, mental, or developmental disabilities.

Services are provided through five primary programs: Developmental Disabilities, Vocational Rehabilitation including Blind and Low Vision Services, Disability Determination, the Montana Telecommunications Access Program, and the Montana Developmental Center in Boulder. Among the services DSD provides are residential services, community support, home-based services for families, case management, a variety of employment outcome-related services, telephone relay service and equipment, rehabilitation counseling, and specialized services for blind and visually impaired individuals, which includes low vision evaluations and equipment for older individuals with visual impairments to maintain independence.

Addictive & Mental Disorders Division

The mission of the Addictive and Mental Disorders Division (AMDD) of the Montana Department of Public Health and Human Services is to implement and improve an appropriate statewide system of prevention, treatment, care, and rehabilitation for Montanans with mental disorders or addictions to drugs or alcohol. AMDD provides chemical dependency and adult mental health services by contracting and providing reimbursement for services with behavioral health providers throughout Montana. It also provides services through three inpatient facilities: the Montana State Hospital in Warm Springs, Montana Chemical Dependency Center in Butte, and Montana Mental Health Nursing Care Center in Lewistown.

Human & Community Services Division

Primarily through the Human & Community Services Division (HCSD), the MDPHHS administers a number of public assistance programs aimed at helping low-income Montanans move out of poverty and become self-sufficient. These include childcare assistance, Healthy Montana Kids (formerly Children's Health Insurance Plan or CHIP),

http://www.dphhs.mt.gov/programsservices/publicassistanceprograms.shtml - children's health insurance plan, energy assistance, food stamps, Medicaid, Special Supplemental Nutrition for Women, Infants & Children (WIC), TANF, and homeless programs.

The mission of the HCSD is to support the strengths of families and communities by promoting employment and providing the assistance necessary to help families and individuals meet basic needs and work their way out of poverty. The HCSD provides cash assistance, employment training, food stamps, Medicaid, childcare, meal reimbursement, nutrition training, energy assistance, weatherization, and other services to help families move out of poverty and toward self-support. The HCSD administers a federal Community Services Block Grant to fund local projects aimed at addressing the causes of poverty and the Emergency Shelter Grant to help local shelters and HRDCs provide lodging for individuals and families who are without, or at risk of being without, housing. The HCSD also provides coordination and support for the Montana Continuum of Care Coalition for the Homeless, the Montana Council on Homelessness, and the tri-state HOPWA program that is funded through HUD's competitive grant process.

ENHANCING COORDINATION BETWEEN PUBLIC AND PRIVATE HOUSING AND SOCIAL SERVICE AGENCIES

MDOC is committed to improving coordination between public and private housing entities and social service agencies serving low- and very low-income households. Throughout the year, MDOC interacts with other agencies and organizations with a commitment to better develop housing strategies. MDOC maintains its commitment to inform others of their responsibility to participate in the consolidated planning process and to promote affordable housing and adequate services, as described in the Consultation and Coordination section beginning on page one.

FOSTERING PUBLIC HOUSING INITIATIVES

Public housing authorities are set up under state law at the local level to better meet the needs of the local community. MDOC is committed to improving coordination between public and private entities serving low- and very low-income households. See the previous discussions on the Housing Coordinating Team, the Montana Continuum of Care, Montana Council on Homelessness, and Home Choice Coalition.

The Housing Assistance Bureau of the MDOC contracts with HUD as the statewide PHA using an annual Contributions Contract to provide program administration and services on Section 8 low-income housing programs on a statewide basis. The Tenant Based Section 8 Program uses 35 local field agents in 11 locations throughout the state to provide field services, issue assistance documents, perform inspections, and examine annual income.

In the event the state is notified by HUD that a public housing agency in Montana is designated by HUD as "troubled", MDOC will determine if it can provide assistance to the public housing agency.

X. MONITORING

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CDBG projects will be monitored on-site during the plan year. A basic requirement of the Montana CDBG Programs, Housing and Neighborhood Renewal, Public Facilities and Economic Development, is that state program staff will monitor each project at least once. CDBG operates under a comprehensive monitoring system, meaning that all elements of the local CDBG project are reviewed in up to eleven different areas. Within each of these areas, staff completes an extensive checklist whereby each project element is reviewed for compliance with HUD and state program requirements. Following the monitoring visit, staff writes a formal, follow-up letter to the chief elected official of the local government, noting any "Concerns," "Questions of Performance," or "Findings", that may have resulted from the monitoring visit. Local governments are asked to respond promptly regarding any questions of performance or findings.

HOME INVESTMENT PARTNERSHIPS PROGRAM

Typically, HOME projects will be monitored during the project development phase and at the conclusion of the project. Staff also monitor various areas of each project through the use of desk audits as needed throughout the life of the project. Monitoring includes determining compliance with housing codes and applicable federal and state regulations and policies, assessing affirmative marketing actions and outreach to minority and women owned businesses, and ensuring that all funds have been properly expended and accounted for. The HOME Program staff will specifically check HOME funds drawn on a minimum of 15% of the drawdown requests for each HOME-funded project. In addition, monitoring visits verify that participants' incomes and rents, purchase price or after-rehabilitation values are within HOME limits.

In order to more efficiently use staff time and minimize the high cost of travel in a state as vast as Montana, the HOME Program is implementing a process to conduct desk monitoring for some grantees. Grantees selected for desk monitoring are considered to be low-risk based on factors such as past performance, experience completing similar types of projects, and low staff turnover.

On-site visits of rental units will be conducted throughout the period of affordability with the frequency of the visits based on the number of project units. On-site visits of TBRA units will be performed each year during an active TBRA grant. During on-site visits, HOME staff members verify that properties meet HQS inspection requirements, house income-qualified tenants, and charge rents that meet HOME requirements. HOME staff also validates program income or CHDO proceeds reports during on-site visits.

Annually, grantees that received funds for rental or homebuyer assistance programs are required to certify that their projects still meet affordability requirements. For rentals, grantees must certify that tenant incomes and project rents meet HOME limits and that the property continues to meet housing quality standards. Homebuyer projects must certify that recipients of HOME funds continue to use the assisted property as their permanent residence and report any program income or CHDO proceeds resulting from property sales.

EMERGENCY SHELTER GRANT PROGRAM

The MDPHHS provides on-site monitoring of the ESG Program via regularly scheduled monitoring visits by program staff, using a monitoring tool. Staff reviews the matching requirements, budget, and performance (both financial and operational) against contracted activities in the approved ESG work plans, and reviews fiscal accountability and timeliness of report submission. This monitoring is part of a comprehensive annual review of all programs funded by the Intergovernmental Human Services Bureau.

XI. SPECIFIC HOME SUBMISSION REQUIREMENTS

PERIOD OF AFFORDABILITY

HOME assisted units must remain affordable for a specific length of time. Deed restrictions, covenants running with the land, or other approved mechanisms will ensure the HOME assisted units remain affordable during the minimum required period of affordability, depending on the amount of HOME dollars invested per unit in the project. After the required affordability period, the property may be sold without HOME restrictions. The table below outlines the affordability periods. Note that homeowner rehabilitation projects have no affordability requirements; however, HOME staff recommends restrictions similar to those for rehabilitation or acquisition of existing housing.

HOME PROGRAM PERIOD OF AFFORDABILITY

	Years of Affordability			
Activity	**5**	**10**	**15**	**20**
New Construction or Acquisition of Newly Constructed Rental Housing (any $ amount)				**X**
Rehabilitation or Acquisition of Existing Housing, with HOME funds invested per unit as follows:				
Under $15,000 per unit	**X**			
$15,000 to $40,000 per unit		**X**		
Over $40,000 per unit or Rehabilitation involving Refinancing (Rental Housing Only)			**X**	

RESALE AND RECAPTURE PROVISIONS

As shown in the previous table, homebuyer assistance programs are subject to a period of affordability, based on the amount of HOME dollars invested. Sale of the property by the homebuyer during the period of affordability is subject to one of two options: resale restrictions or a possible recapture of the HOME subsidy. Each MDOC HOME grantee receiving HOME funds for homebuyer projects must specify which method it will use as part of its homebuyer program design and in its HOME Program-approved Management Plan. Resale must be used for properties that receive development subsidies only (i.e., no direct financial assistance is provided to the homebuyer).

Regardless of the option chosen, each MDOC HOME grantee receiving HOME funds for homebuyer projects must specify in its HOME Program-approved Management Plan how it will ensure the assisted household is using the property as their principal residence during the period of affordability. If the property does not continue to be the principal residence of the assisted family for the duration of the period of affordability, the MDOC HOME grantee must describe in the HOME Program-approved Management Plan how the property will be made available for subsequent purchase to a low-income buyer who will use the property as the principal residence.

Resale

The **Resale** provision provides for the assisted property to remain affordable to the subsequent homebuyer for the entire period of affordability. The resale provisions of 24 CFR §92.254(a)(5) will be applied, requiring MDOC HOME grantees to describe the following provisions in the HOME Program-approved Management Plan:

1. <u>Affordability</u>. Housing is generally considered affordable if the purchaser's monthly payments of principal, interest, taxes, and insurance (PITI) do not exceed a specified percentage of the gross income of a family with an income equal to 80 percent or less of median income for the area, as determined by HUD, with adjustments for smaller and larger families.

   The MDOC HOME Program has defined the percentage as a minimum of 28% of the borrower's gross household income, up to a maximum of 32% of the borrower's gross household income. Under special, limited conditions and circumstances <u>and only with the approval of the HOME grantee's loan review committee or other oversight board</u>, this may be reduced to as low as 26% or raised to a maximum of 36%. If applicable, the Qualifying Entity must describe and justify under what special conditions and circumstances the "exception" ratios may be used.

   Housing purchased using HOME funds that is subsequently sold within the HOME-required period of affordability will be resold to another low-income family who must use the property as their principal residence. A period of affordability greater than that established by HOME may be selected by the MDOC HOME grantee. Subsequent buyers who purchase the property within the affordability period will start a new period of affordability if an infusion of new HOME funds is required to make the unit affordable.

   Affordability to the subsequent homebuyer will be assured through a shared allocation of funds from the resale, according to the policies and procedures proposed by the MDOC HOME grantee in the HOME Program-approved Management Plan and Program Income/Recaptured Funds Plan. To make the resale unit affordable, the MDOC HOME grantee will apply funds in the following order:

   a. Funds returned to the MDOC HOME grantee from the sale, reimbursing any HOME-funded down payment and closing cost assistance; then

b. Funds returned to the MDOC HOME grantee from the sale as the share of appreciation. The allocated amount of appreciation is to be determined by the MDOC HOME grantee and is subject to HOME Program approval; then

c. The MDOC HOME grantee may use new HOME funds to make it affordable to the next homebuyer.

The MDOC HOME grantee will ensure that the housing will remain affordable, pursuant to deed restrictions, covenants running with the land, or a similar mechanism to ensure affordability, to a reasonable range of low-income homebuyers. The affordability restrictions must terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure, or assignment of a FHA insured mortgage to HUD. The MDOC HOME grantee may exercise purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property.

2. Proceeds. If the MDOC HOME grantee's share of appreciation and reimbursement of HOME down payment and closing cost funds accomplishes affordability for the homebuyer during the period of affordability, any excess funds left after affordability has been accomplished shall be used for other HOME-eligible activities.

   Fair return to the **seller** will be accomplished within the net proceeds from sale as follows:

   a. Any outstanding loan balances from the first and/or second mortgages will be repaid; then

   b. HOME financed down payment and closing cost amounts will be returned to the MDOC HOME grantee; then

   c. Any remaining funds are divided between the MDOC HOME grantee and the seller according to the policies adopted by the MDOC HOME grantee in their Management Plan and Program Income Plan approved by the HOME Program.

NOTE: The prepayment of the HOME loan balance by the homeowner before the end of the period of affordability does NOT terminate the affordability period. The resale provision stays in place, including the entire affordability period and the principal residency requirement. The HOME grantee remains responsible for ensuring the requirements are met throughout the period of affordability.

Recapture

Recapture is a mechanism to recapture all or a portion of the HOME subsidy if the HOME-assisted homebuyer decides to sell the house within the period of affordability at whatever price the market will bear. The homebuyer may sell the property to any willing buyer. The sale of the property during the period of affordability triggers repayment of the HOME subsidy the buyer received when he/she originally purchased the property.

The HOME investment subject to **Recapture** is based on the amount of HOME assistance provided, the required affordability period, and the net proceeds available at time of title transfer. Any recaptured HOME investment must be reinvested in another HOME-eligible activity or returned to the Home Program for redistribution. The beneficiaries of that investment must also be low-income households.

The original assisted homebuyer may be required to repay all or part of the HOME subsidy when the property is resold during the affordability period. If there are no net proceeds or insufficient net proceeds to recapture the full amount of the HOME investment due, the amount subject to recapture must be limited to what is available from **net proceeds. Net proceeds** are defined as the sales proceeds minus superior non-HOME loan repayments and seller-paid closing cost.

The exact amount to be repaid can be determined by only one of the following ways:

1. <u>Recapture the entire amount</u>. Recapture entire amount of the HOME investment from the homeowner. However, if there are no net proceeds or the net proceeds are insufficient to repay the HOME investment, only the amount of the net proceeds, if any, is recaptured. Any remaining balance is forgiven.

2. <u>Shared insufficient net proceeds</u>. If the net proceeds are not sufficient to recapture the full HOME investment (or a reduced amount as provided for above) plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment made by the owner since purchase, the participating jurisdiction may share the net proceeds. The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME Investment / (HOME Investment + Homeowner Investment)	x Net Proceeds	= HOME amount to be recaptured
Homeowner Investment / (HOME Investment + Homeowner Investment)	x Net Proceeds	= Amount to homeowner

3. <u>Owner investment returned first</u>. If agreed upon, the homebuyer may be allowed to recover his/her entire investment (down payment and capital improvements made by the owner since purchase) before recapturing the HOME investment. . The HOME subsidy is then repaid to the extent net proceeds are available.

4. <u>Reduction (forgiveness) during the period of affordability</u>: The Qualifying Entity may decide to forgive part or all of the HOME subsidy, either to compensate for uncertain market conditions (e.g., to encourage families to move into a transitional neighborhood) or to provide protection to the homebuyer in the event the net

proceeds are insufficient to repay the HOME subsidy and the homebuyer's investment.

- The decision to forgive must be a part of the overall homebuyer program design, and not on a case-by-case basis.
- Forgiveness must be tied to the length of time the homebuyer has occupied the home in relation to the period of affordability (i.e., 50% of the subsidy amount would be forgiven for an owner who sold the home half-way through the period of affordability).

Excess proceeds and shared appreciation: Since net proceeds may sometimes exceed the amount necessary to repay both the homeowner's investment and the HOME subsidy, the HOME grantee must plan in its program design for how those excess proceeds would be distributed. Excess proceeds may be paid to the homeowner, retained by the HOME grantee, or shared by both parties. The HOME grantee can pair its policy for shared appreciation with any of the recapture options outlined above. It can also combine the various approaches together. Because of the complexities involved, if the HOME grantee plans to use a shared appreciation approach, it must contact the HOME Program for additional guidance. If sharing appreciation, the Qualifying Entity must have a Capital Improvements Policy.

Regardless of the recapture method used by HOME recipients, the recapture approach must be described in the written agreement with the assisted household at the time of the initial assistance. The assisted household must be fully informed so that they know what to expect at the time they sell their home, including how any appreciation will be shared.

NOTE: The prepayment of the HOME loan balance by the homeowner before the end of the period of affordability does NOT terminate the affordability period. The period remains in effect for written agreement timeframe unless the house is sold. The principal residence requirement stays in place, as does the shared appreciation at sale (if this was an option chosen by the HOME grantee). The HOME grantee remains responsible for ensuring the requirements are met throughout the period of affordability.

TENANT BASED RENTAL ASSISTANCE

HOME funds may be used for tenant based rental assistance (TBRA). TBRA is a rental subsidy program used to help an eligible tenant with rent costs and security deposits. The Montana HOME Program is limiting eligible to providing one-time security deposits to qualified voucher-assisted tenant base section 8 tenants under a two-year pilot project. The HOME program will set aside $500,000 in 2010 and 2011 for PHAs to access on a first-come first-serve, noncompetitive basis. PHAs operating in entitlement cities generally would not qualify to participate. However, PHAs administering vouchers for MDOC could access the TBRA funds for those voucher holders.

With the increased demand on the rental market, low-income voucher holders are unable to lease a unit. The result is the vouchers are expiring before the family can lease up and the applicant must reapply to the wait list. In most locations around Montana, the family will not be eligible for a new voucher for up to two and half years.

OTHER FORMS OF INVESTMENT

The state does not intend to use other forms of investment other than those described in 24 CFR §92.205(b):

> *A participating jurisdiction* (the state of Montana) *may invest HOME funds as equity investments, interest-bearing loans or advances, non-interest-bearing loans or advances, interest subsidies consistent with the purposes of this part, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with the purposes of this part. Each participating jurisdiction has the right to establish the terms of assistance, subject to the requirements of this part.*

AFFIRMATIVE MARKETING AND MINORITY/WOMEN'S BUSINESS OUTREACH

Each grantee receiving HOME funds must describe its affirmative marketing plan as a condition of receiving HOME funds. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. The affirmative marketing plan must include:

- methods for informing the public, owners, and potential tenants about federal fair housing laws and the participating jurisdiction's affirmative marketing policy
- requirements and practices each owner must adhere to in order to carry out the affirmative marketing procedures and requirements
- procedures to be used by owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach
- records that will be kept describing actions taken by HOME grantee and by owners to affirmatively market units and records to assess the results of these actions
- a description of how the HOME grantee will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

In addition, each HOME grantee must describe its procedures for outreach to minorities and women and to entities owned by minorities and women in all contracts entered into by the HOME grantee and the steps that will be taken to ensure that minority business enterprises and women business enterprises are used when possible in the procurement of property and services.

REFINANCING

Currently, the state does not intend to use its HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds.

AMERICAN DREAM DOWNPAYMENT INITIATIVE

ADDI was not funded in FFY 2010 and is not expected to be funded in 2011.

MDOC granted the three entitlement cities of Billings, Great Falls, and Missoula a portion of the American Dream Down payment Initiative (ADDI) funds the state previously received. The three entitlement cities are beginning to recapture some of the ADDI funds initially invested in homes that are now being resold. If an entitlement city wishes to retain those recaptured ADDI funds to use on future homebuyer activities, rather than returning those funds to MDOC, the city will need to complete a management plan, in the format acceptable to and subject to approval by MDOC; execute a contract with MDOC; and follow policies adopted by MDOC and the requirements found in 24 CFR Subpart M – American Dream Down payment Initiative. Any entitlement city that elects to participate in reuse of ADDI funds can continue to do so as long as there is a valid contract between it and MDOC. Once a valid contract no longer exists, the recaptured ADDI funds would need to be returned to MDOC.

XII. IMPEDIMENTS TO FAIR HOUSING CHOICE

In the Fair Housing Act, it is a policy of the United States to prohibit any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. Montana law (Section 49, parts 2 and 4, MCA) also defines illegal housing discrimination and includes age and marital status as protected classes.

According to HUD, impediments to fair housing choice include actions or omissions in the state that constitute violations of the Fair Housing Act. Further, impediments mean actions or omissions that are counter-productive to fair housing choice or that have the effect of restricting housing opportunities based on protected classes.

MDOC is responsible for:

- Conducting the analysis of impediments
- Taking actions to address the impediments within its jurisdiction, and monitoring the results
- Certifying HOME and CDBG grantees affirmatively further fair housing
- Taking actions to address the impediments within its jurisdiction and monitoring the results of those actions

However, MDOC lacks the authority to solve these problems alone. The task of eliminating the impediments to fair housing rests on the shoulders of all Montanans.

In 2009, MDOC updated the *Analysis of Impediments to Fair Housing and Housing Choice* (AI) for Montana's 5-Year Consolidated Plan (April 1, 2005-March 31, 2010). It is available on the web at **http://housing.mt.gov/cp/cpreportsandstatistics.mcpx**.